

# CURRENT HISTORY

DECEMBER 1932

---

## Roosevelt's Victorious Campaign

---

By E. FRANCIS BROWN

---

THE American people on Nov. 8 elected Franklin D. Roosevelt President of the United States by a majority, according to early returns, of approximately 7,000,000 votes over his Republican opponent. Governor Roosevelt apparently obtained 472 electoral votes to President Hoover's 59 in one of the greatest political overturns in our history. Before the Democratic landslide Republican Senators and Congressmen with long years of honorable service went down to defeat, while State after State deserted its normally Republican allegiance to elect Democratic Governors and Legislatures.

Governor Roosevelt's amazing victory brought to a close the political campaign of 1932 and also twelve years of Republican rule, but the result was not unexpected. Political soothsayers had long forecast the defeat of the President, and their prophecies had been accepted by the nation since that June day in Chicago on which Mr. Hoover was renominated by his party for a second term. Upon him fell retribution for his own shortcomings and those of his party, but most of all he was forced to bear the brunt of the resentment of many

millions of Americans against all whom they have held responsible for the past three years of economic distress and disaster.

The campaign of 1932, like so many in American history, presented few clear-cut issues. Fundamentally this is the result of the party system. However much attention and respect the Socialists and other minorities may claim, there are still only two parties in the United States, the Republican and Democratic, though on all but insignificant matters they represent the same interests. They are alike, too, in being boss-ridden and unscrupulous in many sections of the country, and both display similar elements of discord within themselves. Tammany Hall rules the New York Democracy; the Vare machine is no less complete—or high-minded—in its domination of the Republicans of Philadelphia. In the East the two parties tend to be conservative and to draw support from the industrial and banking groups. In the South the Democrats are extremely conservative and at times reactionary, with the Republican party a negligible quantity. West of the Mississippi both parties contain

*Copyright, 1932, by The New York Times Company. All rights reserved.*

progressive members. Possibly because of its association with Woodrow Wilson, the Democratic party is clothed with an aura of liberalism, but its actual record does not justify such beatification. The Republicans, on the other hand, are more frankly conservative in their policies and in the personalities of their candidates. Both parties have been guilty of financial heresy; both have been provincial in their outlook. In short, here are Pickwick's Buffs and Blues campaigning on the issue of the "Ins" versus the "Outs," and the emptiness of that issue the Socialists did not permit the electorate to forget.

Under normal conditions there is in the United States a Republican majority, although in only the three elections since the World War has this majority been large. From 1865 to 1932 the Democrats have held the Presidency only sixteen years; on two occasions, however, their candidate received a popular majority, although failing of election. During the same period the Democrats were in control of the House of Representatives eleven times and of the Senate four times, while they have always been a force in State and municipal politics. Nevertheless, the party is in the minority, and only a tremendous change of heart among the voters, a piling up of Republican blunders, skillful Democratic manoeuvring or the impact of outside forces would place a Democrat in the White House.

In 1928 the Republicans carried the election by an electoral vote of 444 to 87, and Herbert Hoover became President with a majority of more than 6,000,000 votes over his Democratic opponent. Surely the most optimistic Democrat could hardly have expected that at the next election his party would bear away the victory. But the Hoover administration was born under an unlucky star. Within six months of its inauguration the stock market collapsed, and this was the prelude to an economic crisis in the

United States and throughout the world. The administration bungled its measures for coping with this situation; it sponsored domestic policies which proved both unpopular and unfortunate, while its members, from the President down, exhibited an unhappy faculty for rubbing people the wrong way.

The first expression of the public attitude toward the Hoover administration came in the 1930 Congressional elections, when the Republican majority in the national House of Representatives was swept away and the Democrats, in coalition with the progressive Republicans, secured control of the Senate. He that runs may read, and from that time the Democrats felt hopeful of victory in 1932. They found allies in the deepening depression, in the continued mistakes of the administration which counterbalanced the beneficial measures which the President put forth to alleviate economic distress, and in the rise of liberalism which expressed the popular loss of confidence in business leaders and their commercial civilization.

The Republican convention at Chicago in June, 1932, met and adjourned in an atmosphere of defeatism. Unquestionably the party leaders were not enthusiastic over having to renominate President Hoover, and they would have liked to find a different man to fill the Vice Presidential chair. But tradition and expediency dictated the renomination of Mr. Hoover, and he insisted that Mr. Curtis, despite his obvious weaknesses, should again be his running-mate. The party's platform, long and sonorous, interested the country but little except for its ambiguous statement on prohibition, a plank which was patently designed to appeal to both wet and dry voters.

A few days later the Democrats convened also in the Stadium at Chicago. In contrast with the discouraged G. O. P., the Democrats were filled with exuberant hopes; already



they imagined they saw the sun of victory breaking through the clouds which had so long hung over their party. For months the nomination for President of Franklin D. Roosevelt, Governor of New York, had been predicted; he had a tremendous lead over his rivals in the number of instructed delegates, and his supporters were well organized. Thus it was no surprise, however much disappointment may have been felt by the public, when Governor Roosevelt received the nomination on the fourth ballot; the only party wound—and that was later healed—was the resentment of Alfred E. Smith, who had been Governor Roosevelt's closest contender. For Vice President the Democrats selected John N. Garner of Texas, who had long been a member of the national House, but whose record as its Speaker was not above reproach.

The conventions were over by July 3, and the remainder of the month was devoted to preparation for the active campaign. Everett Sanders of Indiana was made chairman of the Republican National Committee and thus manager of the campaign to re-elect the President; his Democratic counterpart was James A. Farley of New York. Both parties found difficulty in raising funds, and in the end were obliged to carry on the fight with much smaller amounts than in 1928. At the beginning neither party manifested any great appreciation of the proper strategy to be employed. The prohibition issue was seemingly out of politics, especially after President Hoover, in his speech of acceptance on Aug. 11, admitted that prohibition had been disappointing and advocated re-submission of the Eighteenth Amendment. Apparently the Republicans hoped to attack Roosevelt and his party as "radical," but they soon found that this issue led nowhere. The Democrats, of course, were prepared to accuse the Hoover administration of incompetence and to offer a program of their own for the economic recovery of the nation.

Through the hot Summer weeks corps of speakers were recruited and the final plans, subject to change without notice, were laid. Governor Roosevelt assembled a group of experts—a "brain trust"—to assist him in the preparation of his speeches, for he proposed to carry on a vigorous campaign which would take him into the far corners of the country and during which he would deliver many addresses on present-day problems. But President Hoover, apparently firm in the belief that the dignity of his office forbade much active stumping, planned to address the nation in only a few speeches and to rely for the most part upon the forensic powers of his Cabinet officers.

As in most American Presidential campaigns, the public interest was centred, not on issues, but on the personalities of the candidates. Here there was a sharp contrast. Mr. Hoover, after four years as President, had gained a reputation for reserve and coldness. Stories had circulated about his sensitiveness, his temper, his tactlessness; a witty journalist said that "he was ungenerous to a fault." In public speeches the President spoke monotonously and at great length, while his platform manner was too stiff and formal. In short, the American people found it hard to accept Herbert Hoover as one of them, while his unfortunate association with hard times caused him to be described as the best-hated man in the country. Though Roosevelt was by no means the best-loved, many people voted for him only in order to express their dislike for Hoover.

Governor Roosevelt was almost the exact opposite of Mr. Hoover. In spite of his crippled legs, he presented a robust appearance. His smile and his laugh became famous. He was an excellent campaigner and orator, a man who made people feel that he knew their joys and sorrows and was ready to share them. When he spoke from a train platform he showed an easy presence which appealed to all who

heard him, and if his wife and children were with him, he introduced them to his audience in such a way as to give the gathering the atmosphere of a family party.

Between the two candidates there were other differences. The President for nearly four years had borne the heavy burdens of a nation whose economic life had broken down. The strain and worry of those many months showed in his face and bearing; small wonder that at one of the great rallies during his campaign he was described as "pale and distraught." He had struggled to bring the nation back to normal conditions; he had done his best; and now he was going to the country to discover whether that best was good enough to bring him another term in the White House. Governor Roosevelt's political life, except for his service as Assistant-Secretary of the Navy during the war, had been in New York State, where he was rounding out his second term as Governor. His administrative record was one which aroused debate; yet non-partisan critics were forced to admit that he had governed the State well. The wear and tear of office had not told on him and, very much alive, he looked forward to taking over the responsibilities of the Presidency.

The campaign may be said to have opened on Aug. 11, when President Hoover delivered his speech accepting the nomination. The address was more graceful and forceful than those which the country had come to expect from Mr. Hoover, and it undoubtedly gave a tremendous fillip to his cause. The statement on prohibition was the most important section of the address, but a week later Vice President Curtis in his own speech of acceptance somewhat weakened the President's declaration when he declared his opposition to repeal of the Eighteenth Amendment. Thereafter, except for speeches by Cabinet members and other party workers, the Republican campaign lagged and it was no secret that

apathy had settled over the national headquarters.

The Democrats, on the other hand, were extremely active. Governor Roosevelt—his speech of acceptance had been delivered at the close of the Democratic convention—began his campaign with an address at Columbus, Ohio, on Aug. 20. Here he sounded the keynote of his campaign by attacking the record of the Republicans and setting forth his own program for rebuilding the national economy. In later speeches this theme was to be reiterated until the public mind was all but exhausted. After several minor talks before the electorate, the Governor, on Sept. 12, left Albany, N. Y., for a three weeks' swing around the circle. During that time he spoke before thousands in cities and towns of the Middle West and the States beyond the Mississippi. His tour produced none of the untoward incidents which have marred similar swings in other campaigns; instead, Mr. Roosevelt astutely, though none too specifically, presented to his audiences his program for farm relief, railroad rehabilitation, the control of public utilities and tariff reform. In one address after another he managed to appeal to the conservatives as safe and sound and at the same time to please the liberals by championing the "forgotten man" and stricter control of the power trust.

Meanwhile, the Republican party had been awakened to the dangers which confronted it. As Governor Roosevelt was about to begin his tour Maine—a rock-ribbed Republican stronghold—went "hell-bent" for Democracy. All attempts to explain away this political overturn failed to disguise the consternation in the Republican camp. President Hoover himself telegraphed the national chairman urging greater efforts for victory, and it soon became known that the President would take the stump in his own behalf. The significance of the Maine upset was soon reinforced by a series of straw votes which

showed clearly and with reliability that the sentiment of the country was not Republican, and if further weight were needed, it was shortly afforded in the form of gloomy reports from local party managers in widely separated sections of the nation.

Nevertheless, it was Oct. 4 before the President and his party brought up their heavy artillery. On that date Mr. Hoover spoke to the embattled farmers at Des Moines, Iowa; in words filled with feeling he described the administration's fight against the forces "disrupting" American life, told of the struggle to maintain the gold standard and outlined a program for farm relief. Although Republican newspapers hailed this speech as "masterly" and as certain to "turn the tide," the stock market reacted unfavorably, and the President's mention of the gold standard caused the dollar to decline in foreign exchange. Moreover, critics came quickly to see that the proposed farm policy was no different from that which had been discredited during the past few years.

The Des Moines speech did revive the hopes of the Republicans, hopes which were carried higher by formal addresses at Cleveland, Detroit, Indianapolis, Newark, N. J., and New York City later in the month. Seldom, if ever, in American political history has a President taken the stump in his own cause as did Mr. Hoover. In each succeeding appearance the President—who now, it was whispered, was running his own campaign—reviewed the efforts made by his administration to restore prosperity and to avert disasters worse than those already experienced. He defended the protective tariff, attacked the Democrats for their unsavory record in the last Congress, ridiculed many of the assertions of Governor Roosevelt and attacked the latter's program as "vague."

President Hoover in the final days of the campaign again invaded the Middle West, speaking at Springfield, Ill., St. Louis and St. Paul, besides ad-

ressing crowds in many cities and towns from the rear of his special train. Following these appearances he journeyed rapidly across the country to cast his ballot in his home town, Palo Alto, Cal. This last swing of the campaign was undoubtedly taken in the hope of arousing some of the old enthusiasm for the Republican party which used to be traditional in the Middle Western and Far Western States of the Union. But Mr. Hoover must have known that in this last throw he stood little chance to win.

The fortnight before election brought the campaigning to a high pitch. It was then that President Hoover did most of his speaking and that Governor Roosevelt made another swing which carried him through the Middle West to St. Louis, thence into the South and finally to New England. His campaign was concluded with mass meetings in Brooklyn and New York City. Amid all the sound and fury of this campaigning, behind all the charges and countercharges, only one issue stood out prominently—the nation's economic plight. Did the Republicans further policies which helped to bring on the depression and then fail to sponsor measures which would restore normal conditions? Would the Democrats be better able to bring about the desired recovery? Governor Roosevelt attempted to weave in the question of liberalism versus conservatism, but it is doubtful whether many voters were touched by this rather philosophical issue. Only the Socialists, who were somewhat "above the battle," found the opportunity to attack the economic issue from what they believed was the fundamental and realistic standpoint.

As the campaign progressed both candidates tended to become more and more partisan, attacking each other with what at times seemed unnecessary bitterness, although without the mud-slinging which made the 1928 campaign so disgusting. The Republicans as part of their strategy raised the spectre of continued hard times—

perhaps even worse—if the Democrats should be victorious, and resorted to another ancient, outworn device—the “recommendation” of Mr. Hoover’s candidacy by employers to their employes. Yet these manoeuvres were easily met; the Republicans had led the country into an economic morass—was there any assurance that they could show the way out?

With the general economic issue dominating the debate, prohibition slipped into the background and other domestic questions played only a minor part. Tariff reform, regulation of the power trust, farm relief, methods of unemployment aid—all were present in the campaign, but had little effect on the mass of voters. For a time the question of immediate payment of the bonus plagued the Democrats, but Governor Roosevelt took a belated stand against payment and effectively removed that question from the campaign. And both parties effectively sidestepped any important declaration on foreign policy.

Neither party, of course, could rely wholly upon the speech-making efforts of their candidates to carry the election. For the G. O. P., Secretary Mills, in particular, and Secretary Hurley were the leading auxiliaries to their chief, although most of the other Cabinet officers were also on the hustings. Neither Vice Presidential candidate took a prominent part in the campaign, since both were under a cloud. In the eyes of the public there was little choice between Mr. Curtis and Mr. Garner; the Vice President was believed to be an amiable old party hack, while the Speaker was unattractive because of his appalling leadership of the House Democrats during the last Congressional session. Because of the economic debacle, business leaders were not in a position to help either party on the stump, a loss which the Republicans felt keenly along with the irritating silence of that 1928 warrior, Senator Borah. Charles Evans Hughes, now Chief Justice of the United States Supreme

Court, was, of course, unable to enter the campaign as he had four years ago. Senators, Congressmen and party workers played their parts, but none compared in importance with the aid given to their respective parties by former President Coolidge and Alfred E. Smith.

President Coolidge in *The Saturday Evening Post* for Sept. 10 presented the Republican case at length and gave his benediction to the cause. Gossip held that he had expected this would be his only part in the campaign, but he was prevailed upon, when the party’s hopes were at lowest ebb, to speak at a Republican mass meeting in New York City on Oct. 11. Before an audience which partly filled Madison Square Garden the former President in his terse phraseology once again stated the case for support of the Republican ticket and in a none too whole-hearted fashion urged President Hoover’s reelection. Thereafter, except for a radio address on the evening before election day, he was silent.

Alfred E. Smith, who had from the first made known his dislike for the Presidential ambitions of Franklin D. Roosevelt, sulked in his tent during the weeks following the Democratic convention. Mr. Smith, however, was too good a Democrat to remain totally estranged. In the October issue of *The New Outlook*, of which he is editor-in-chief, he discussed the position of the Democratic party and prophesied victory at the polls on Nov. 8. Soon after, at the New York State Democratic convention, he found himself allied with Governor Roosevelt against the leaders of Tammany Hall and there the two men became reconciled. Immediately afterward it was announced that Mr. Smith would stump for Roosevelt. Smith’s loyalty to the party was thus attested and during the final two weeks of the campaign he spoke simply but vividly to many thousands in New Jersey and the New England States, rendering most valuable service to the party of



which he had once been the standard bearer.

As the campaign progressed, the Roosevelt banner attracted many Republican liberals and progressives. Some of them were little known, but the names of Senator Hiram Johnson of California, Senator George W. Norris of Nebraska and the Wisconsin La Follettes gave added strength to Roosevelt's professed liberalism and unquestionably brought him many votes from the bailiwicks which they controlled. Their support may have helped to convince the East that Roosevelt was "radical," but in the end that counted for little, since so outstanding an industrialist as Owen D. Young gave his support to Roosevelt, while the National City Bank in its monthly bulletin declared that neither the election of Mr. Hoover nor of Mr. Roosevelt would be harmful to business.

Every national election is affected by local political conditions and in this respect that of 1932 was particularly notable. With the national administration generally unpopular and many of its policies unacceptable in various sections of the country, it was but natural that Republican candidates for State and local offices should attempt to dissociate themselves as much as possible from the national ticket. Moreover, many of these men were fighting for their political lives and could spare no energy to help the administration's quest for re-election. So the phenomenon was witnessed of Republicans campaigning for office but without calling on the name of their leader in Washington.

Of more importance, probably, were the divisions within both parties which weakened them at the polls. In Massachusetts the Democrats were split into two factions—the followers of Roosevelt and of Alfred E. Smith. While apparently the rift between these men had been closed, it was only after Mr. Smith addressed his followers in Boston that they were persuaded to vote for Governor Roose-

velt. In Connecticut the Republicans were afflicted by a wet-dry division, but neither were the Democrats entirely harmonious. In New York State, as a result of the Walker case and Mr. Roosevelt's support of a candidate for the Governorship who was disliked by Tammany, the Wigwam was none too loyal to the national Democratic ticket. If the scene were shifted to the West Coast, the political situation in California was found to be equally complicated. There the difficulty arose from the independent Senatorial candidacy of one Bob Shuler, a popular evangelist of Los Angeles, who was running as a dry and threatening to upset the political apple-cart in that State.

In looking at local political conditions, one must also bear in mind the power of the press. Except in the South the Democrats are generally weak in newspaper support. The independent provincial papers are more often than not Republican and the news stories which appear in their columns are Republican in point of view. On the other hand, in California, a normally Republican State, the party this year was without an adequate press, since William Randolph Hearst, who dominates the newspapers of that State, supported the Democratic candidate.

The outcome of the election was freely prophesied in the closing week of the campaign. The assaults of the party chieftains upon one another had little effect upon the electorate, which, though still willing to attend political rallies, was worn out by political news in the press and the radio broadcasts of speeches. Sentiment became general that the Republican cause was lost, and a telling blow was struck by the announcement on Nov. 4 of *The Literary Digest* poll, which gave Governor Roosevelt a three-to-two lead over President Hoover and indicated that the Democrats might carry forty-one States.

The Democratic victory can be explained on many grounds. The chief

factor, without doubt, was the economic crisis, for which, rightly or wrongly, President Hoover and his party were blamed. On this point it was difficult to convince the voters that the Republicans' hands were clean, although Mr. Hoover and his colleagues strove manfully to do so. But there were many less important factors in the campaign whose combined effect cannot be ignored. Mr. Hoover was not popular with the mass of the American people; Mr. Roosevelt appealed as a heartier, more likable person. The Hoover administration from its beginning estranged one important group after another. The President's stand on the bonus and the treatment of the B. E. F. alienated the majority of war veterans; labor refused its support to the administration, in part because the Secretary of Labor in the Hoover Cabinet was anathema to labor leaders. Moreover, the administration succeeded in drawing the opposition of both the wets and dries because of its stand on prohibition. And the catalogue might be carried much further. On most of these counts, of course, Governor Roosevelt's record was clean.

Perhaps most serious of all, from President Hoover's point of view, was the listlessness of his own party. Short of funds, on the defensive from the beginning, the Republicans could have won only by a brilliant, dashing sort of campaign—and it was anything but that. President Hoover's speeches were too frequently uninspired. For example, he appeared in New York City on Oct. 31 for what had been heralded as the most important speech of his campaign; the public who listened to that address, or read it the next morning, discovered it to be the weakest utterance the President had made. In his campaigning, as throughout his administration, the President apparently was handicapped by poor advice, and to this must be added his own inability to stir the minds and souls of men.

In contrast to the Republicans, the Democrats were constantly on the offensive and gave every appearance of being confident of victory. Governor Roosevelt may have indulged in too many glittering generalities in his numerous speeches, but generalization was politically wise. Exuberant in spirit, he filled his hearers with hope that the "new deal" which he promised them would become fact. To his support came industrial leaders like Owen D. Young, prominent figures of the old Wilson days like Newton D. Baker and Senator Carter Glass, and, above all, that man of the people, Alfred E. Smith. Such an attack the Republican party in its discouragement was wholly unable to withstand.

The day after the election the final returns were still awaited, but from the beginning of the count Governor Roosevelt's victory had been apparent and President Hoover conceded his rival's success a few hours after the closing of the polls. Mr. Hoover apparently carried only the States of Connecticut, Delaware, Maine, New Hampshire, Pennsylvania and Vermont. Preliminary results showed the following electoral vote:

	Roosevelt	Hoover		Roosevelt	Hoover
Ala. ....	11	..	Nev. ....	3	..
Ariz. ...	3	..	N. H. ....	..	4
Ark. ....	9	..	N. J. ....	16	..
Cal. ....	22	..	N. M. ....	3	..
Col. ....	6	..	N. Y. ....	47	..
Conn. ....	..	8	N. C. ....	13	..
Del. ....	..	3	N. D. ....	4	..
Fla. ....	7	..	Ohio ....	26	..
Ga. ....	12	..	Okla. ....	11	..
Idaho ...	4	..	Ore. ....	5	..
Ill. ....	29	..	Penn. ....	..	36
Ind. ....	14	..	R. I. ....	4	..
Iowa ....	11	..	S. C. ....	8	..
Kan. ....	9	..	S. D. ....	4	..
Ky. ....	11	..	Tenn. ....	11	..
La. ....	10	..	Texas ...	23	..
Maine ...	..	5	Utah ....	4	..
Md. ....	8	..	Vt. ....	..	3
Mass. ....	17	..	Va. ....	11	..
Mich. ...	19	..	Wash. ...	8	..
Minn. ...	11	..	West Va. .	8	..
Miss. ...	9	..	Wis. ....	12	..
Mo. ....	15	..	Wyo. ....	3	..
Mont. ...	4	..			
Neb. ....	7	..	Total. .	472	59

The election gave the Democratic party control of both houses of Congress. On the basis of the early re-

turns the Democrats obtained 232 seats in the House, the Republicans 112, while 91 seats were still in doubt. The new Senate will contain 54 Democrats, 34 Republicans, 1 Farmer-Laborite, but 7 seats were undecided. Among the prominent faces that will disappear from the Senate are the Republican leaders, Senator Hiram Bingham of Connecticut, George H. Moses of New Hampshire, James Watson of Indiana and Reed Smoot of Utah. As part of the avalanche Democratic Governors were swept into office. Apparently the Republicans will hold no more than ten Governorships, possibly only six. When the final returns are in, State changes are likely to be even more striking than on the morning after election.

To most observers, the campaign of 1932 will seem important, not for the determination of the issue as between Republicans and Democrats, but for the rise to prominence and respectability of the Socialist party. In 1928 the party's candidate polled only 267,420 votes; this year the figure promised to be 1,000,000 or more. Throughout the campaign Norman Thomas carried the Socialist message to many parts of the country; he spoke to large audiences and received considerable attention from the nation's press. In the end his efforts seemed likely to bring the largest vote yet given to a Socialist candidate for President. Undoubtedly part of that

vote was in protest against the candidates of the two major parties, but that a Socialist could obtain so many votes in an American election is a tribute to Mr. Thomas and, more important, an evidence of the growing discontent of many Americans with the established order of things. Possibly as a result of this vote much of the liberal legislation which has been so long delayed will at last be enacted. Possibly, also, the country is about to witness the rise of an American liberal party.

At short range it is difficult to interpret the significance of the 1932 campaign. The similarity between the two parties makes the outcome relatively unimportant, however great may be the immediate psychological effect on the country. Presumably with the Democrats in control at Washington the people of the United States may expect a somewhat less conservative administration; they may hope for the carrying out of desirable policies inspired by the return of the older party to power. Governor Roosevelt made many promises in his campaign; many of them he will be unable to carry out, but even if only part of them are fulfilled, the country should not be disappointed and at the end of his administration should be ready to give him the accolade which, in the words of Seneca, a poet bestowed on another Democratic President—he "kept his rudder true."

# Where Britain and America Disagree

By J. M. KENWORTHY

[A former commander in the British Navy and a member of the British House of Commons from 1919 to 1931, the author of the following article has made a first-hand study of American politics, diplomacy and financial problems. Commander Kenworthy contributed to *May CURRENT HISTORY* an article entitled "The Way Back to Prosperity."]

ON the state of Anglo-American relations largely depend the future peace and welfare of mankind. This is a truism on both sides of the Atlantic. Yet no greater mistake can be made than the easy assumption that the two democracies work harmoniously together. There is danger of much harm resulting from talk of "Hands Across the Sea" by well-meaning sentimentalists without the solid foundation of a common policy toward world problems. The mutual feeling is not good now, and a disservice is done by not recognizing the fact frankly. Better to seek the causes of this present suspicion and distrust and endeavor to remove them.

On five major issues there is serious divergence between British and American policy and practice. Before enumerating them I would like to enter a caveat against the assumption that the policy of the present British Government at Westminster necessarily represents the desires of the British people. The present National Government was elected under abnormal circumstances. It is an unnatural alliance, with discordant elements. The Conservatives and imperialists are in a dominating position. The present British Parliament, with the greatest Conservative majority on record, was elected by an apprehensive nation vaguely alarmed by the departure of Great Britain from the gold standard

and the financial crisis which led up to this financial change. The British electoral system allows an exaggerated value in Parliament to result from a majority vote in the country. Thus, twice as many votes cast for the National Government are represented by ten times as many members of Parliament pledged, more or less, to support it. On the various items of policy to which I shall refer there is, in each case, a strong body of opinion opposed to that of the official government.

It is necessary also to note that in Great Britain there are two governments, the visible and the invisible. The visible government consists of the Cabinet, nominally appointed by the King and responsible to Parliament. It accepts the praise or blame for the success or failure of the policies it pursues. But these policies are not always initiated by the government itself. The civil service, and especially certain departments of it, is in an exceptionally powerful and semi-independent position. Loyal, honest and, on the whole, competent, these departments nevertheless pursue, or attempt to pursue, traditional lines of policy irrespective of the views of the political government temporarily in power. Thus the British Admiralty, probably the most powerful department of State, with strong backing from the court, society and the British governing class generally, will always endeavor, by hook or by crook, to maintain British sea power in a dominating position and to resist any weakening of that power, either by straightforward reductions of armaments or, indirectly, by curtailing the belligerent rights of the British Navy on the high seas in time of war.



The Foreign Office, during the last twenty-five years, has maintained a steady policy of working as closely as possible with the French diplomatic service in Europe and of keeping on the most friendly terms possible with Japan in Asia. If the Foreign Secretary of the day is an exceptionally strong and well-informed man he will impose his views and the views of his Cabinet colleagues on the department. If for any reason his position is weak, he finds it extremely difficult to pursue any policy at Geneva, Paris, Washington or Tokyo that is not in harmony with the views of his permanent advisers at home and the King's Ambassadors and representatives abroad.

A similar state of affairs, though to a lesser degree, exists in the India Office, the War Office, the Air Ministry and the Treasury. To cite an example of the strength and persistence of the Treasury policy, it is the desire of the present political government in London, acting under the pressure of the business interests of the nation, to avoid a return to the gold standard until, at any rate, certain conditions for its future operations are agreed upon. The view of the Treasury, working hand in hand with the virtually independent Bank of England, is that there is no alternative to the gold standard and, this being the case, the sooner Great Britain reverts to it the better. It is common knowledge that there is a subterranean conflict in progress at the present time between the political Cabinet and the extremely powerful Treasury and its allies in "the City" (the London equivalent of Wall Street).

In considering, therefore, certain events of the post-war period, including the most recent happenings and their effect on Anglo-American relations, it must be remembered that the sayings and aspirations of the politicians in London will not necessarily

be translated into action by the government departments concerned. To take one more example, at every disarmament conference since the end of war, whether it was the Naval Conference at Washington in 1921, Geneva in 1927, London in 1929-30 or the World Disarmament Conference at Geneva this year, the naval, military and aeronautical experts have been strong enough to sprag the wheels and prevent the politicians running away with the coach along the road to substantial reductions of weapons.

To return to the main factors which have affected and which, no doubt, still affect Anglo-American relations, and which must be taken cognisance of and dealt with if these relationships are to be improved, the most important of these is British and American policy in the Far East with relation to Japan and China. The other main factors, not necessarily in order of importance, are international debts, world economics (including financial and monetary policy, preferences and tariffs), disarmament, particularly as it affects relative naval strengths, and Ireland.

That there is wide divergence between British and American policy and practice in the Far East is, unfortunately, too true. The United States has pursued a steady policy in Asia of endeavoring to secure the open door and equal commercial rights for all nations in China and the protection of the integrity and sovereign independence of China. When American nationals and their property have been threatened by unrest and disorder in China, American armed forces, principally naval, have collaborated with the Japanese and the European powers in defending foreign rights and citizens. But the disorders in China, since the overthrow of the Manchu dynasty, have not caused American policy to swerve from its fixed bearings. This policy led directly to the Pacific Conference of 1922 and

its resulting Nine-Power treaty safeguarding China's sovereignty, which was ratified by both Great Britain and Japan. The Kellogg-Briand pact for the outlawry of war as an instrument of national policy still further buttressed, in theory at any rate, China's sovereignty.

Manchuria has been officially recognized by both Great Britain and the United States as an integral part of the Chinese Republic. Yet when the first serious test arrived, joint action between the other powers that had signed the Pacific treaty was lacking. It is outside the scope of this article to refer to the other European signatories and the reasons for their attitude, but naturally it came as a surprise to American opinion to find Great Britain apparently so tender to Japanese susceptibilities and so sympathetic to the Japanese policy of expansion on the mainland of Asia as to refrain from making immediate protest in the strongest possible terms.

The official British apology is that Great Britain is also bound by the covenant of the League of Nations and the government considered it more expedient to act through the League. But obviously some further explanation is required beyond this official one. Why is it that Great Britain did not join in a note in September, 1931, when the mischief began? If, when the Japanese first seized Mukden and before the military party had taken complete control of the Japanese Government, the two great English-speaking peoples had called a halt, all the subsequent trouble might well have been avoided. The British certainly acted with more firmness when Japan followed up with her action at Shanghai. This was a clearer case, and the cynical will observe that British commercial interests in the Yangtse Valley, of which Shanghai is the great outlet and clearing port, are of great importance. And, sure enough, the Japanese made some sem-

blance of retreat at Shanghai. Further, Great Britain had supported the League in sending the Lytton commission, the chairman of which, a former Governor of Bengal, is a member of the House of Lords. But a large portion of the British press, and at least one of the great political parties in Great Britain, have either supported or excused the Japanese proceedings in Manchuria.

What lies at the back of this pro-Japanese policy? The Anglo-Japanese Alliance was not renewed ten years ago, partly as a deliberate policy of improving Anglo-American relations, partly to meet the wishes of Australia, where there is much anti-Japanese feeling for reasons similar to the apprehensions felt in the State of California. As noted above, it has been the fixed policy of the British Foreign Office to maintain a virtual alliance with Japan and to work in the closest possible cooperation with Tokyo. But even the British Foreign Office must move with circumspection and be assured of public backing at home. And that there is some sympathy for Japan among the British public, even in the present situation, is true.

It is as well for American observers and students to realize the underlying causes for this sympathy. The original Anglo-Japanese treaty was entered into by a Conservative Government at the beginning of the present century when the late Marquis of Lansdowne was at the Foreign Office, because of fear of Russia. This was before the Anglo-Russian understanding which followed the Anglo-French Entente, both of them being preliminaries and, indeed, preparations for the World War, which even then was considered by many as inevitable.

This departure from Great Britain's formerly fixed policy of avoiding entangling alliances had to be explained to the British people. It was not politic to confess to the fear of a

Russian advance toward the Indian frontier, which was the real underlying cause. The Japanese were therefore described in the most glowing terms of compliment and flattery by every possible means of official propaganda. They were an island and maritime people like the British, with all the virtues and none of the vices of the older powers. Not only had the Japanese modernized their national life but, so the British were told, Japan was a model State and their natural ally. The older generation in Great Britain today had their then flexible minds formed by this propaganda, and a great deal of this pro-Japanese sentiment has survived. It was strengthened and reinforced by Japan's attitude and action in the World War. The Japanese military caste were pro-German almost to a man, but the navy was pro-British and, between the two, court and diplomatic influence swung Japanese opinion over to the Allies. Japan performed valuable services in the World War almost from the very beginning, and this has not been forgotten.

There are other reasons for British sympathy for Japan. The British governing class, taken as a whole, is militaristic and imperialistic. So is the governing class in Japan. There is natural sympathy between them so long as they do not get in each other's way. Japan is ruled by a hereditary monarchy and an aristocracy, and so in theory is Britain. It is a case of deep calling the deep. A little of the apprehension of some future Russian advance toward India, either by actual invasion of territory or by the subtle but more powerful weapon of propaganda still actuates the minds of many persons of importance in British governing circles. And there remains, therefore, something of the motive which inspired the original Anglo-Japanese Alliance. Again, there is a certain school of thought in Great Britain, not without impor-

tance behind the scenes of government, who remember the past Japanese pressure for equal rights of entry into Australia, and fear its renewal in the future. The elders of this school of thought consider that if Japan is kept busy in China and Manchuria future danger of pressure for free Japanese settlement in Northern Australia will be removed. Finally, certain British financial and mercantile interests are tired of the continuing disorder in China and regard the Japanese as a convenient police for the restoration of order and good government. They overlook the fact that, once the Japanese obtain a secure footing in Asiatic territory, it is extremely difficult for any merchants not Japanese to do business there.

All these motives taken together make up a formidable volume of opinion in Great Britain in acting as a drag on any positive attempt to check Japanese aggression in Asia. In any case, there are the timid who fear possible complications and think it better to leave the Japanese and the Chinese to fight out their own quarrel. Nevertheless, the English chairman of the Lytton commission has done his duty and the report is now published to the world. It is a masterly document, studiously moderate in tone, and its conclusions therefore the more deadly. Signed unanimously by the British, American, French, Italian and German members, it sweeps away the whole case of those sections of British opinion which were sympathetic to Japan and immensely strengthens the official attitude of the American Government.

Japanese tactics are now obviously those of delay. The Japanese chiefs were successful in preventing any effective action during October, and they reckoned on the Presidential campaign distracting American opinion during the early part of November. After that they can again fall back on the old excuse that the weather conditions during the Winter

preclude the moving of troops in order that they can hold on till the Spring of 1933.

So far the policy of the somewhat bewildered British Foreign Office has been to acquiesce in these tactics of delay. Sir John Simon, the Foreign Secretary, is certainly following the weak man's road of procrastination. But the British Government will have to come out in the open sooner or later, especially as the French are discovering new virtues in the covenant of the League of Nations. A rearming Germany is reinforcing the policy of that section of Frenchmen who believe in the possibility of collective guarantees for peace as security for France rather than soldiers, airplanes and guns. The French are already cooling toward Japan and would support a united demand for negotiation and Japanese evacuation. If British policy is still faltering, Great Britain will be accused of being a "quitter" and future hopes of Anglo-American collaboration for world peace will be dashed.

However much sympathy the British governing class may feel for Japan, however much the "peace-at-any-price" party may shrink from a policy of firmness, the facts are now so nakedly exposed that a continuation of the British policy as it was before the publication of the Lytton report will be recognized as a condonation of aggression and militarism with evil reactions all over the world.

Yet these policies, and especially the Asiatic policy of the present British Government, both official and unofficial, are bitterly opposed by that great section of opinion in Great Britain which supports the League of Nations, the Kellogg-Briand pact and the sanctity of treaties and regards the maintenance of world peace as the greatest British interest. This section also happens to be most warmly in favor of close American and British collaboration on all major questions of world policy. It comprises the whole of the Labor party and its sympa-

thizers who are not actually members of that party, a large section of the Liberal party and a not inconsiderable proportion of the Conservative party which is Liberal in matters of foreign policy. The excessive caution of the British Cabinet in the Fall of 1931 puzzled and indeed angered all this great body of opinion. And there is a further explanation. When the National Government was formed the Marquis of Reading, a Liberal, accepted the portfolio of Foreign Affairs, but this distinguished statesman and jurist found himself out of sympathy with his Conservative colleagues and only carried on until the general election two months later.

After the general election Sir John Simon replaced Lord Reading at the Foreign Office. With great difficulty he had won a place in the National Government and is now in the uneasy position of a Liberal, with a past Liberal record on Ireland and the World War which was in the best tradition, and yet a member of a government dependent for its very life on an overwhelming Conservative majority. Sir John Simon's anxiety to live down his Liberal past is only too obvious. He has been more Conservative than the Conservatives themselves on both disarmament and policy in Asia. And his position has been still further weakened by the withdrawal of the section of Liberals led by Sir Herbert Samuel and the resignation of Lord Snowden. Snowden is only one man, but he enjoys a great prestige and is recognized as a man of principle. He was the "strong man" of three Cabinets. And he is a man of peace.

It is unnecessary to digress at length on another cause of misunderstanding—debts and reparations. In Great Britain there is no real distinction in the popular mind between war debts and reparations. In the Balfour declaration, of twelve years ago, the two were implicitly linked together when a declaration was made on behalf of the British



Government that it was not intended to accept payments of debts and reparations beyond those required to meet Great Britain's own obligations. And these latter, as regards Great Britain, are war debts to one country only, the United States of America. There is a feeling in Great Britain, mostly inarticulate, but none the less important, that the United States should have been more prompt in expunging the debts. This divergence of view was perhaps inevitable as between a country that is a creditor, such as the United States, and one that is both a debtor and a creditor, such as Great Britain.

But it was unfortunate, to say the least, that the Lausanne Conference on debts and reparations was handled in the way it was. There was unnecessary secrecy on the part of the British Government. The impression was created, through the news of the arrangements first reaching America through French sources, that a united European front had been erected against the United States. It has not been the intention of the British people or their government to join any combination directed against America. But the impression, I admit, was created.

So with the unfortunate mishandling of the "Gentlemen's Agreement." British publicists are inclined, however, to place part of the blame on the American Government for not being officially represented at Lausanne. It is also true that the American viewpoint with regard to international indebtedness is insufficiently understood by the British people, and even by their political representatives. And at this point I would venture to express the earnest hope that the forthcoming World Economic Conference will meet in Washington instead of London. True, debts and tariffs are explicitly ruled off the agenda. But it is, broadly speaking, true to say that the American point of view on other important questions is insufficiently

appreciated in Great Britain; while the European view, including the British attitude, is not fully understood in the United States. It would be strange if this were not so. Great Britain, through membership of the League of Nations and for other causes, is continually engaged in conferences with the principal European powers. English people travel more on the Continent of Europe than they do in the United States, and though many American citizens visit the British Isles in normal times, more visit France, Italy and other European countries. The holding of the Economic Conference in Washington would inform the British representatives more closely of American public opinion; while the European case, including the British case, would be presented at first hand.

With regard to the main questions to be discussed at this forthcoming conference, namely, currency, exchanges and monetary problems, the principal divergence here is with regard to the gold standard. It is the fixed policy of the financial advisers of the United States Government to remain on the gold standard. Great Britain is off the gold standard, but there are two very distinct points of view regarding our return to it, of which I gave a hint above. The Governor and Court of Directors of the Bank of England and the Treasury are in favor of a return to the gold standard, even at a lower parity of the pound sterling, at the earliest possible moment. The industrialists generally, especially those engaged in the export trade, the trade unions, the Labor party and an important section of both the Liberal and Conservative parties are opposed to the return to the gold standard for some considerable time to come, if at all. The anti-gold standard school is further divided into two sections, one in favor of a permanent managed currency in place of a metallic standard of any kind, the other prepared to accept the restoration of

the gold standard subject to certain safeguards for the future, including a redistribution of the present gold supplies available.

Disarmament has for long been a prickly subject as between the two English-speaking democracies. There is a large portion of public opinion in Great Britain in favor of very drastic disarmament. Its leaders would have preferred a more generous and immediate acceptance of the Hoover proposals at Geneva this year. But the British Government and its experts have shown extreme caution throughout. I have observed at Geneva and other disarmament conferences that American naval and military experts are not unskilled in stating the case for their own particular services, and they show an otherwise admirable team spirit in collaborating with the naval and military experts of other nations. That is only to be expected so long as professional warriors are allowed a decisive voice in these matters. What is unfortunate is that the *political government* of Great Britain has shown so strong an inclination to listen to the voice of its own naval and military experts and especially to pander to the views of the British Admiralty. This powerful government department, I repeat, can be relied upon to uphold British maritime strength as against other nations by every means possible.

Particularly is this the case with regard to the doctrine known as the Freedom of the Seas. This doctrine, with its corollary of the abolition of private blockade, is as strongly upheld in American official circles as it is resisted in British official circles. The British Admiralty will cling to the right of capture at sea outside the three-mile limit until the very end, and until this nettle is grasped real disarmament will be unlikely. Until the navies are reduced the land powers will cling to powerful military and air forces. The net result, so far, has been the strongly expressed de-

mand of the German Government for the right to re-arm and for the abrogation of the clauses of the Treaty of Versailles forbidding certain weapons to Germany by reason of their offensiveness. As the experts have thrown doubts on the offensive character of tanks, heavy artillery, war airplanes, submarines, poison gases and other arms forbidden to Germany, the case put forward by Berlin is difficult to answer. Sir John Simon's legal casuistry had the effect of causing the Germans to withdraw from the disarmament conference. There has undoubtedly been a lack of cooperation between Great Britain and America, the two great countries, which, in theory, are most in favor of reduced armaments.

Nor would I have completed this survey without noting a new cloud on the horizon or rather the reappearance of an old one. I refer to the Anglo-Irish dispute. This is regarded in Great Britain as a purely domestic matter within the British Empire. But the body of numerous and influential American citizens of Irish descent are unlikely to share this view. How far the Irish-Americans can make their power felt in the United States is not for me to prophesy. But that they will endeavor to exercise their influence is certain and they will do so in a way not flattering to Great Britain. Perhaps the best to be hoped for is that the Anglo-Irish dispute will be quickly settled. At the time of writing negotiations have been reopened. This is to the good. But the dispute need never have developed. It has already done mischief enough.

I have now outlined the principal factors that have affected Anglo-American relations in recent years. It would be absurd to pretend that all is well. Relations are not bad, but they are not so good as they should be in view of the many difficulties and dangers threatening the peace and prosperity of the world.

# The Worker in Soviet Russia

By SIDNEY WEBB

[Sidney Webb, the outstanding English exponent of Fabian socialism, now contributes the second of his articles based on observations during his recent visit to Soviet Russia. The first, "Business Life in Soviet Russia," was printed in November CURRENT HISTORY.]

AMONG all the positive assertions made about the Soviet Union, those describing with easy confidence the position of the manual workers are the most unconvincing. Quite different conclusions are reached by observers of different bias, who persist in concentrating attention on different selections of facts, which agree in nothing except their common inability to support either of the contradictory generalizations rashly founded on them. Even greater is the difficulty presented by the old story; in this as in other matters the Soviet Union fits none of our accustomed categories, and must be looked at through fresh eyes.

The men and women engaged in material production in the U. S. S. R. may be divided into four main classes. These are, first, the 8,000,000 of peasant families still working entirely individually, not employing outside labor, and, subject to progressive taxation, enjoying, if such a word can be used for a very low standard of life, the whole product of their toil. Then there are the twice as numerous peasant families now united in collective farms, in a few cases passing into completely Communist settlements called communes, but usually having in common, with State aid, only their grain cultivation and retaining individual ownership and production of garden produce, poultry, dairy and so forth. Belonging to the same genus of associations of producers, though

a different species, are the 2,000,000 or 3,000,000 ancient Kustar handicraftsmen, now largely united in self-governing workshops using machinery and power, which they collectively own, and disposing of most of their output to government or consumers' cooperative industries. Along with these may be ranked the independent associations of professional hunters and fishers, and some others. Finally, there is the large and steadily increasing class, probably now comprising one-fourth of the whole population of the U. S. S. R., of workers paid by wage or salary on the farms, in mines and factories, on ships and railways, in electric plants and other enterprises of the government (local or central) and of the consumers' cooperative societies. It is about this fourth class, which alone is organized in trade unions, that inquiries as to the position of the manual workers are usually made, and it is to this class that the present pages are devoted.

By the position of the manual workers may be meant either what they earn or what is their status and organization in the society of which they form part. Let it be said at once that no general statement can be usefully made as to the wages paid in the Soviet Union. Workmen earn at piecework anything from 50 to 500 rubles per month, but nothing accurate can be stated as to the practical equivalent, in dollars or pounds, of the present-day ruble. Money wages cannot be understood unless we know what money will buy; but prices and rents in the cities depend on who and what a person is, varying enormously according to the purchaser's vocation

or the amount of his income, or the shop or restaurant at which he habitually makes his purchases. Moreover, money is of no use if things are not to be had; and many a desired commodity is, from time to time, simply not in the market. In this respect much depends on the particular cooperative society or factory restaurant to which an individual is able to belong. Further, the monthly pay is not the whole reward of labor. Every worker pays for rent only a fixed 10 per cent of his wage. He gets without charge education for his children and himself, and free medical attendance for the whole family (including drugs, hospitals, convalescent homes and full wages while away from work). His wife, if industrially employed, gets full wages for eight weeks before and eight weeks after confinement and free obstetric service. And there are other branches of social insurance equally gratuitous. Thus we can speak only by comparisons.

There seems reason to believe that the average workman in the Soviet Union was, in 1932, substantially better off than he was in 1914, and that his standard of life, measured in food, clothes, boots and housing is steadily, though not uninterruptedly, going up. The most important fact in this connection is that he is, on the whole, at present continuously employed, and has been so for two whole years, and to that extent he is far better off than the British or American or German workman. Nevertheless, those who know the situation most completely feel no doubt that the worker's level of living is, in nearly all material matters, still considerably below that of the American or the British worker of equal grade who is fortunate enough to be in regular employment.

It is more useful to consider the workman's status and organization. It is no small matter that he is constantly made to feel that he and his fellows are emphatically the people for whom

everything exists, and by whom everything is finally determined. The observer of the well-clad and well-booted crowds perpetually thronging the streets of Moscow or Kharkov or Rostov, or crowding the opera houses and theatres and cinemas, or playing games in the parks, cannot help being struck by their unselfconscious and implicit assumption that they are the people. What in other countries would be the superior classes appear simply not to exist. If, as it is still occasionally alleged, the universal condition is one of "slavery," it is as Mr. Knickerbocker has observed, at least a slavery in which the slaves believe themselves to be "the bosses."

The workman's special organization is, of course, the trade union, and nowhere in the world has the trade union a wider development or a greater significance than in the U. S. S. R., where the 12,000,000 members—more than double the total in any other country—comprise three-quarters of those who are eligible, most of the non-unionists being only seasonal workers, or else newly migrated peasants. But trade unionism in Soviet Russia differs essentially in structure and function from its analogues in other countries; and these differences—so Soviet authorities claim—are significant of the higher stage of development that the institution has reached. In America, as in Western Europe, the trade union is essentially, if no longer merely an organ of working-class revolt, at any rate an organ of continuous economic struggle against the chronically hostile force of the capitalist employers. In the U. S. S. R., where the capitalist employer has been practically eliminated, the trade union has developed into an organ of administration, designed to enable the whole producing community of the U. S. S. R. to participate, each establishment and each industry in due degree, in the arrangements required for the coordination of its own service with that of all others.



Hence, if we are to understand trade unionism in the U. S. S. R. we must leave behind our accustomed categories. In all this vast area there is not a single trade union of the old-fashioned British or American type, based on the specific craft of the members; excluding all other workers not masters of that craft, even in the same industry or the same factory; concerned exclusively for the maintenance or improvement of the position of its own members and its own craft; primarily interested in getting out of the profits of the establishment or the industry in which its members are engaged a large share for themselves and their fellow craftsmen; and absolutely unconcerned, as specific craftsmen—indeed, deliberately excluded from such concern—with the aggregate wealth production of their nation or even with the economic efficiency as a whole, of the establishment in which they work, or of the industry of which they form part.

In the U. S. S. R. today, all kinds of salary and wage earners are organized in forty-six great industrial unions, all of which extend to every part of the territory. The type is that of the "employment union." The rule is "one undertaking, one union." The kind or grade of the worker, his craft or special contribution by hand or by brain, the particular method of his remuneration or its amount are alike ignored, equally with sex, age, race or creed. Every person employed in any way, in or about a single industrial enterprise or establishment, or a single educational, medical or other institution, can belong only to the trade union to which this unit predominantly belongs, to which he pays contributions usually at the rate of 2 per cent of his earnings. Thus, in the great Stalin-grad tractor factory, the Machine Makers' Trade Union includes not only all kinds of mechanics and artisans, whether in metal or in wood, but also the director, his managerial

assistants and the foremen, the draftsmen, designers, clerks and bookkeepers, the factory doctors, nurses and welfare workers, the cleaners, gatekeepers, porters, messengers and unskilled laborers of all sorts, the canteen and hospital staffs, and every youthful apprentice or learner of either sex. When a craftsman or a clerk is tempted away to work on a State farm or in a hospital, he leaves the Machine Makers' Trade Union and joins the Agricultural Union or Medical Services Union, as the case may be.

In this way the worker is taught to identify himself, not with his craft, but with the establishment in which he works. The interest of every employed person is concentrated, so far as his trade unionism is concerned, not on his own specific performance but on the service rendered to the community by the enterprise in which he is in whatever capacity or degree, not himself producing wealth but only cooperating in production with all his associates, from the manager down to the youngest apprentice.

The structure of all the forty-six unions of the U. S. S. R. is built up from the "shop meeting," or whatever corresponds thereto—essentially a gathering of all those actually meeting and cooperating in daily work, sometimes a whole workshop or small factory, sometimes a particular branch of the large factory's operations (including the managerial and office rooms), sometimes a whole institute, and sometimes a local branch or a specific division of its work. These, the lowest units in the trade union hierarchy, have frequent open meetings for discussions and sometimes for the periodical election of delegates to the factory or institute council, representing all the units in any large factory or institution which is, however, often elected at a general assembly. The factory council, usually of about a dozen or more members, meets regularly for business and periodically

elects delegates to a district conference or subsection, representing all the factories or institutions of the same kind in a specific locality.

The hierarchy of each industrial union thus rises stage after stage by district subsections and provincial sections in the typical Soviet manner—always with an executive committee, a presidium, a president and a secretary at each stage—culminating, for each of the forty-six unions, in a congress of elected delegates, with its central committee and the usual presidium, representing through these successive indirect elections, its hundreds of thousands of members throughout the U. S. S. R. And all the way up the hierarchy there is also more or less of a lateral connection at each stage. In 1905, and again in 1917, the nascent unions in Leningrad elected delegates to a Leningrad Soviet, and this practice has now become general. In every large city, in many less urbanized districts containing several different industries, and in every constituent republic or autonomous area there is usually what in Great Britain would be called a local trades council, consisting of delegates elected by the various unions represented in the locality, for discussion of trade-union matters affecting particularly that locality, as well as for concentrating trade-union opinion on general policy.

The whole complex organization culminates in an All-Union Trade Union Congress for the entire U. S. S. R., to which the topmost congresses, or central committees, of the forty-six trade unions elect delegates to represent the whole membership of their respective organizations. It is in consultation with this supreme trade-union body, or rather with the large All-Union Council of Trade Unions that it elects—perhaps chiefly with its presidium and officers—that the highest planning authorities, the Supreme Council of National

Economy, and the members of the Sovnarkom or Cabinet, from time to time settle the lines on which the nation's industry shall be conducted, and thus decide (but only incidentally to larger issues) on the normal working day and the general tariffs of wage-rates for all the forty-six industries.

The work to which this trade-union hierarchy addresses itself, in its elaborate series of members' meetings and committees, is apparently much more varied and extensive than in the trade-union movement of other countries. In addition to dealing with the innumerable personal grievances of members as to piece-work rates or factory dissensions, food supply or housing accommodation, and the periodical waxing and waning of particular staffs, the trade union in the U. S. S. R. undertakes the detailed administration, so far as its own members are concerned, of the various forms of social insurance, the management of the rest-houses assigned to the union as convalescent and holiday homes, together with their members' admission and journeys to them; the administration of the catering and service in the factory restaurants, the enforcement, by inspection and complaint, of the provisions for protection against accidents in the factory or mine, the government of the members' clubhouses, libraries and educational classes, the allocation of the coveted holiday privileges, and even the distribution of the cheap tickets for the opera, theatre, concert hall or cinema, placed at the disposal of the members.

With regard to wages, the trade union, in the lower stages of the hierarchy, deals only with the translation of the nation-wide time rates into piecework prices and, of course, with individual grievances; in the higher stages also with the contracts entered into with the salaried managers and specialists, and only in the

highest stage of all, as will now be described, with the adjustment and progressive increase of the fundamental time work rates. Thus there is in the U. S. S. R. of today no place for strikes. For every kind of dispute there is elaborate provision for arbitration. For minor issues there is, in every large factory, what is called the "Triangle." Whenever there is trouble the representative of the management meets the local secretary of the union in conjunction with the local official of the Communist party.

The settlement of the rates of wages in each industry for the whole U. S. S. R. necessarily forms part of the General Plan as already described. (See November CURRENT HISTORY, pages 147-154.) If we may believe confidential reports, the issues thrashed out at the highest stage, when the representatives of the All-Union Central Council of Trade Unions sit, at least once a year, in consultation with those of the highest planning authorities, concern, first and foremost, the division to be made of the nation's aggregate product between saving and consuming. That is to say, it has to be agreed how much shall be produced in the shape, not only of repairs and maintenance, but also of additional capital works and equipment in order to increase future production. Of the remainder of the aggregate product an adequate share has to be allotted to the collective public services, such as education, health, social insurance and organized culture and recreation. The balance of the consumable goods produced, translated into terms of price, constitutes a deliberately planned "wage fund," which can then be wholly distributed—the profit-maker and the *rentier* being alike eliminated—in individual monthly payments to the workers by hand or by brain.

The plan of this distribution has first to be determined. After a whole decade of experience and economic education, largely by the costly

method of "trial and error," the responsible representatives seem to have agreed, supported by an extraordinary degree of popular consent or approval, upon a scheme of distribution which is now readopted year after year with only variations in detail and in the amount of the yearly increase. There is no idea of any arithmetically equal sharing-out.

First there has to be deducted the aggregate of the wages of the apprentices and the salaries of the office staff and the humbler technicians, together with the emoluments specified in the contracts made individually with the managers or foreign specialists. We can imagine that there might be some grumbling on this last point, but a decade of experience seems to have convinced everybody in the U. S. S. R. that such people cannot profitably be dispensed with. Moreover, with a membership running into hundreds of thousands, these salary lists do not amount to more than a few kopecks per head.

For the general run of workers, from the youngest and least skilled up to the most experienced and most expert, each union adopts a system of grades of work, usually eight or ten in number (though the Donetz coal miners had at one time eleven and the textile union seventeen). These grades are based on what is deemed the "social importance" of the work. The rate of pay for the lowest grade is fixed on the basis of something like a subsistence level, this producing a minimum wage which tends to approximate equality in all industries throughout the whole U. S. S. R.

It is, however, the remainder of the wage scale that is most novel and, as it may be suggested, most instructive to American and Western European employers. There are no fixed crafts or other classes of workers, but only grades of pay, without any limit on the numbers in each grade. Thus all the troublesome demarcation disputes are avoided, and all the heart-

burning and jealousy about differing wages. The All-Union Central Council of Trade Unions, in consultation with the central committee of the union concerned, and with the concurrence of the Presidium of the Supreme Council for National Economy, assigns wage rates to all the grades above the lowest, so graded as to proceed stage by stage up to the highest, which in most industries is fixed at between three and four times the minimum or bottom grade (in the light industries  $1\frac{1}{2}$  to 2 rubles per hour; for the Donetz coal miners the eleventh, or highest, grade was made four and three-quarter times the lowest, or 7 rubles per hour).

To a large extent workers grade themselves. Every one is free at any time to apply for transfer to a higher grade than that in which he finds himself, the only condition being that he should "make good" by demonstrating, to the general satisfaction of his colleagues and of the management, his competence in the work of the higher grade. The decision of the management is commonly accepted, but it is subject to appeal by the applicant, first to the Labor Department of the republic or other autonomous area, and, secondly, even to the Labor Department at Moscow. The impression given is that, speaking generally, the different standard rates of the several grades above the lowest are, in each union, accepted without question, the workers feeling that they get, in the aggregate, all there is to be divided up. And, as they are constantly being reminded, there is nothing more important for the U. S. S. R. than an indefinitely large multiplication of its skilled operatives. Every encouragement and every assistance in the way of educational opportunities are given to the mass of unskilled and lower grade laborers to improve their qualifications. In one large factory in Moscow, employing 10,000 operatives, no fewer than 90

per cent of the total number were found, last Summer, to be attending evening classes to which admission is free. The more they progress up the scale the better the management is pleased. The operatives are, in fact, constantly told that it only depends on themselves to get more, first by jointly making their factory more efficient in increasing output, lowering costs and reducing the amount of scrap and other waste, and, secondly, by individually working more intensively.

The standard wages for each grade are, in every case in which this is practicable, translated into piecework rates, which are now obtained by from 75 to 90 per cent of the operatives. This is always a "straight" system of piecework prices, never degressive, and always so arranged that the operative obtains the whole of the advantage of the extra intensity of his effort. The existing output is taken as the standard task, and double the output yields twice the time wage, and so on without any fixed maximum. In a few cases the piecework scale is even progressive, double the output yielding more than double the time wage. With the disappearance of the profit-making employer have gone the danger and the fear of the rate being cut. The management gains in reduced overhead charges per unit of output. What the nation gains is the much-desired increase of the product itself.

We can now understand what seems, to both American and British employers and trade union officials alike, the strange paradox of trade unionism becoming the most powerful factor, both in increasing output and in lessening the cost of production. In the U. S. S. R. trade unionism feels itself not at war with the employers but actually the proprietor of the whole of the industry, entitled to the aggregate produce, whatever it may prove to be, subject only to whatever deductions are shown, to the satisfaction of the trade union representatives them-



selves, to be necessary to its permanent success and continuous increase. Whatever net increase can be produced must inevitably accrue to the workers themselves.

Hence we get the willing acceptance of piecework rates, as calculated to raise production, and the eagerness to obtain the most efficient machinery and the best possible organization of the factory. Hence, too, the almost universal zeal of the workers of all ages to get technical training for themselves and also their willingness to instruct the crowds of youthful learners and raw peasants so as to convert the whole factory population into highly skilled operatives. Hence, too, the growth of an effective public opinion in favor of regularity and punctuality of attendance and the utmost possible avoidance of waste. Hence also the extraordinary development of "shock brigades" who voluntarily undertake to "liquidate" the arrears of work of a backward enterprise or to bring up the total production of a factory which has fallen short of the output required of it by the General Plan. Hence, too, the widespread voluntary adoption of "Socialist emulation" in which different departments of a factory, different factories in an industry, or different vessels of the mercantile fleet in the Baltic or on the Volga formally engage in competition with one another over a specified period as to which can most increase output or lessen production costs—sometimes with the most striking results.

Not without warrant do the administrators of Soviet Union industry claim that it is to the energy of the workers themselves that a large part of the continuous increase in productivity already achieved is to be ascribed. It is very largely in this widespread industrial zeal that Soviet administrators see a real hope of achieving what Western observers have believed to be impossible, namely, a complete overcoming of the im-

memorial apathy and inefficiency of the migrants into industry from the Russian villages.

It will be apparent that this progressive increase of output has not been gained without interminable discussion and continuous criticism of every incident of industrial administration. This incessant talk, in which workers of every grade fearlessly and publicly participate, is often complained of by American and other foreign specialists in the U. S. S. R. service. In the Communist view, such universal free discussion is not a drawback (except in so far as it lessens working time, which is not necessary) but a merit, and, as they claim, in the long run a positive advantage in the promotion of national efficiency. Managerial autocracy, with a quiet elimination of every wage earner impertinent enough to express dissent or criticism, may increase the ease and perhaps the profit of the particular employer, if only for the moment. But universal participation, at least to the extent of free discussion and candid criticism, with delegated authority to responsible negotiators—which is the Communist conception of industrial democracy—may be the best, if not the only way to secure, in the long run, unity of purpose and continuous concentration of effort among all the grades and sections of workers through the nation's industry. The Communists believe not only in the educational value of this universal democracy in industry, but also—always provided that responsible personal management is maintained—in its superiority in efficiency measured by output per head, over the perpetual tug-of-war between employers and wage earners about fractional increases or decreases of wages or demarcation of work characteristic of British and American industry. It is not easy to refute this claim, but it is clearly dependent on the complete elimination of the private owner and profit-maker.

Apart from material gains, there can be no doubt that the manual worker in the U. S. S. R. has made, as compared with pre-war times, an enormous onward stride in education and culture, in the sense of citizenship, and generally in civilization. He was, for the most part, illiterate and ignorant, dirty, drunken and lascivious, irregular and unpunctual to the last degree, and so inefficient as to make those who knew him in Czarist times absolutely incredulous that he could ever be made a competent mechanic. Nowadays, at any rate in the cities, the average factory operative in the U. S. S. R. reads far more books than American or British workmen; he comes to work regularly and punctually; his clothing has improved in substance and in cleanliness; he is a frequent atten-

dant at the theatre and at the opera, as well as at the cinema; and if he is not yet as skilled a mechanic as the German, he is, at any rate, making remarkable progress in technical efficiency. The worst feature of city life is the appalling overcrowding of the dwellings, in spite of an amount of municipal building during the past decade actually surpassing that of any other city in the world. Yet even here there is some progress. It seems that, measured by floor space per head, the working population of Moscow was even worse housed in 1914 than it was in 1932, when the population had nearly doubled.

Taken all in all, the Soviet city workman, starting from a very low level, has improved his position in the past decade more than the workman in any other country.

# From War to Revolution

By FRANCESCO NITTI

[Signor Nitti, Italian Minister of Finance from 1917 to 1919, and Premier from November, 1919, to June, 1920, has lived in exile during most of the years since Mussolini came to power. A journalist, barrister and authority on economic and financial questions, he has written several books relating to the problems of today.]

WE live on traditional ideas, and often ideas change much less rapidly than facts. In the modern world, war has become the one great cause of revolution, but the conservative elements who are dependent on tradition persist in regarding big armies and navies as forces making for order, and war as the supreme source of national strength. Nationalist parties thrive on these two major illusions, but these illusions may well wreck our civilization. If we draw up the balance sheet of the last European war we shall soon see that it was not only the greatest upheaval, but also the greatest revolution of modern times.

The word "revolution" is in some countries interpreted in a mystical sense—as a catastrophe intended to realize lofty abstract ideals. This interpretation is absurd. Revolution is merely an immediate and violent change, whether for good or ill, in an economic or political order. History gives us examples of great revolutions which were fruitful and liberating, and of others which were nothing else but calamities, ruinous to the countries in which they occurred.

Consider the general results of the World War. In money it cost nearly \$200,000,000,000 besides taking the lives of 10,000,000 men and lowering the working capacity of three times as many more. All Europe has been Balkanized. Formerly there were twenty-

five European countries; now there are thirty-five—not counting the little Vatican State—and thousands of miles of new customs barriers have been erected. Formerly there was only a single Alsace-Lorraine problem; now there are nine or ten of the same kind. Austria-Hungary was once a single, sovereign nation composed of widely differing peoples; now it is split up into five or six States. Obviously, there are in Europe today many more potential sources of war and revolution than before 1914.

But consider further the political and social upheavals. Four great empires dominated more than two-thirds of continental Europe; all four have been overthrown to be replaced, on their dismembered territories, by various disorganized republics. Religious life has been likewise disorganized. Austria-Hungary was the centre of Catholic clericalism, Germany of traditional Lutheranism, with a State church, and Russia of Greek Orthodoxy, with the Czar, in fact, if not in law, as the real Pope of the Orthodox Church; while the Sultan of Turkey was the Caliph (also the same thing as a Pope) of all Mohammedan believers. Now, the situation has changed completely in the former German and Austro-Hungarian territories, and in some of the countries church and State are at war. The new Turkey has abolished the caliphate of Constantinople and has severed all political connection with the church. In the vast stretches of Russia, bolshevism is fighting with all its strength against religion of any kind, and irreligious teaching has become a policy of the State.

On every continent, even in those countries which played little or no

part in the war, radical changes have occurred. Asia contains more than half the world's population—1,094,000,000 people out of a total of 1,992,000,000. All Asia since the war has been in profound turmoil, and everywhere there are movements hostile to the foreigner, struggles for freedom and revolutionary uprisings. Russia has turned Communist—though she practices, not pure communism, but a form of socialism in which the centralized and all-powerful State has become the sole capitalist. Soviet Russia, in consequence, has made—and is still making—every effort to extend the Communist revolution into Europe and Asia, and wherever she finds seeds of discontent she deliberately fosters disorder.

True revolutionaries have always understood, as the conservatives still do not, that war is the one catastrophic phenomenon in modern society, and that war alone, by suddenly altering existing conditions, can lay the foundations for great revolutions. In the middle of the nineteenth century Proudhon and Marx, although they detested one another and represented two opposing currents of revolutionary thought, shared the conviction that only war could give birth to revolution. Proudhon wrote a famous two-volume book, *La Guerre et la Paix*, in order to make the revolutionary apologia for war, but one must also read his other works, and especially *La Révolution Sociale Démontrée par le Coup d'Etat du 2 Decembre*, if one is to understand how closely he identified war and revolution and how, to his way of thinking, the one must inevitably produce the other. The two most remarkable men in German socialism—Marx and his friend, Engels, who continued his work—had the greatest contempt for those whom they called "peace congress asses," and were entirely sympathetic with making war on Russia. They even attempted to arouse the English

workers' organizations and to propel them into a movement for war against Russia. For the same purpose, Bebel, who was not a theorist, but who for a long time was the true leader of German socialism, liked to say that he would always have been ready to shoulder a rifle.

No one, however, saw more clearly than Lenin that war must precede revolution in Russia. He was convinced that without war, and above all without a military defeat, a genuine revolution was impracticable. Lenin was a prolific writer. His ponderous volumes are in no way original and, despite his deification by the Communists, one must recognize that he was an indifferent thinker. He was obsessed, however, by one unwavering idea—the necessity and desirability of war from the revolutionary point of view. While he was in exile in Switzerland he spent all his time studying the German military writers, especially Clausewitz, Stein-Gleisenau and Scharnhorst. Lenin merely represented Marxist theory in terms of Clausewitz. Despite what appears on the surface, his Bolshevik Russia has developed into one of the most advanced militarist States in the whole world. Revolutionists are fond of saying that they are not interested in war for its own sake but for its consequences. In one form or another Guesde, Kautsky, Plekhanov, Mehring, Hyndman and, above all, Lenin, have united in regarding war sympathetically—as the necessary forerunner of revolution.

But why does modern war produce revolutionary convulsions? Until the French Revolution and the Napoleonic wars, the great European monarchies kept war within narrow bounds. Small professional armies were the rule and, with a few exceptions, even major wars were extremely limited in scope.

Marshal Foch in his book, *Les Principes de la Guerre*, says that before



the French Revolution an army of more than 40,000 men was thought unnecessary and useless. Decisive engagements were avoided as much as possible. One had to reckon with time and with the difficulties of feeding an army. The greatest leaders, says Foch, avoided large battles: "The idea was to know how to fight but, still more, how to keep from fighting." A new era opened with the great armies of the French Revolution, with those national armies which developed when the whole strength of the State was drawn upon through conscription. It was then that an era of national wars, with incalculable potentialities, was ushered in: "This was made possible because all the resources of the nation were consecrated to warfare; because the objective was not the fulfillment of merely some dynastic aim, but the triumph and propagation, first of certain philosophical ideas, and then of certain principles of independence and unity leading to various other immaterial advantages; because, finally, the welfare and interests of every soldier, and consequently his emotions and passions, were involved—thereby bringing into play forces hitherto untried."

To these words of Foch I should add that in the past there was no such general and widespread feeling of hatred as there is in modern armies. A royal command was sufficient to send professional soldiers into battle. If a modern nation is to be roused to arms it must be persuaded that danger threatens, and hate must therefore be universalized. Modern war, in becoming general and almost mechanical, has lost all its glamour. It has been turned into a highly technical affair, in the course of which masses of humanity fight against other masses of humanity, often without seeing them. Modern war is far-reaching and catastrophic. If it is to be waged at all, people must be uni-

versally incited to emotions of hatred and violence—a task which the press often performs in a dangerous fashion.

When these millions of men return to their homes they find unexpected difficulties awaiting them. For the sake of morale, magnificent promises are always made in wartime. But in all countries, whether victorious or vanquished, war means a reduction in wealth. How can the promises be kept? A conquered nation always tends to plunge into revolution, and one must placate those elements which seek redress through ultra-radical parties or through immediate political changes. In the victorious countries the ex-soldiers clamor for special privileges and demand reforms and changes in the economic order—privileges and reforms which are often impracticable. It is for this reason that one so often sees the development of reactionary movements or dictatorships, which result eventually in revolution or another war. War is particularly apt to bring in its train such dictatorships as have sprung up in Europe. A dictatorship of the Fascist type is, in essence, profoundly revolutionary because it implies another revolution or another war. The only enduring social order is one which is based on the expression of the popular will. Any order founded on violence, unless it be merely temporary, is always headed for a revolution.

But the framework of revolution is, also, always prepared for by the inherent necessities of war itself.

In wartime all the resources of the State must be pooled. There is no longer a clear-cut distinction between private and public property. Everything—both men and goods—must be at the disposal of the nation as a whole. Since, however, resources are limited by the conditions of war, the State itself must supervise distribution. An immense centralization is necessary, and afterward an organi-

zation for the division of available goods. Germany, during the war, was obliged to make a real distribution of goods on a collective basis, and the same phenomenon occurred in different forms in all the European countries. As Minister of Finance in Italy during the war I was obliged to deal with the feeding of the entire country. From an economic point of view Italy probably suffered more than any of the other nations during the war. With a large population and a restricted territory, with a far-flung theatre of war and a lack of raw materials, her situation was a grave obstacle in itself. I was often obliged to make an arbitrary distribution of goods, to insist on ration cards for bread, meat, sugar, tobacco, textiles, and the like.

The national budgets of almost all the countries which participated in the war were increased three, four and even five times. Such vast outlays of money resulted in a corresponding increase in taxes, and especially in tariffs, in a general decrease in purchasing power, and in the dislocation of the international economic order.

The strength of modern nations—one might almost say the strength of all countries at all times—is founded on the development of a thriving middle class, of middle class fortunes and middle class attitudes. Since classic times the dictum of Aristotle has always been true. War always results in the destruction or ruin of the middle classes. Revolutions are produced with particular ease wherever there are only the rich ranged against the poor. In Russia, where a middle class was only beginning to emerge, the revolution occurred with ease and rapidity. Currency inflations, with their ensuing deflations, hasten this process of the decline of the middle class. I have studied very carefully

the statistics of income taxation in Germany and the figures on direct taxes in England, Central Europe and Italy, and I have noticed that without exception war primarily injures the middle classes. The ability to resist revolutionary ideas is thus enfeebled just when revolutionary propaganda is developing.

Fore-knowledge, in human affairs, is always impossible, and it is only intellectual vanity which leads us to prophesy. Without leaning too heavily on conjecture, however, one may predict that a new war would unleash a series of revolutions, whatever the results might be from a military point of view. We should probably witness the collapse of the whole economic and social order.

Why, then, do men of great wealth in all countries, aided by the popular press, advocate large armies and support the nationalist parties? Simply because the old mentality still flourishes, and people still believe that armies furnish internal and external security. In Europe the great munitions interests frequently subsidize nationalistic and warmongering newspapers. This is readily understandable. The munitions industry develops in proportion to the growth of nationalism, hatred and distrust. Capitalists, however, who have no direct interest in the munitions industry often support bellicose movements and Fascist activities. Perhaps it is some fatal attraction toward disaster.

In place of the revolutionary Apocalypse and the dictatorship of the proletariat of which Marx dreamed, the Apocalypse of war, mother and creator of revolution, is being realized. This is why Proudhon and Marx, Lenin and Plekhanov understood that, in modern countries, war alone—widespread and on a vast scale—can lay the foundations for revolution and is, as well, the cause of all great revolutions.

# Germany in Travail

## I—The Grip of Famine

By WILLIAM ZUKERMAN

[Mr. Zukerman is the European correspondent of the *New York Jewish Morning Journal*. As a foreign correspondent and student of European affairs he has contributed articles to many American and British newspapers and magazines.]

IN no city in the world is one struck by the paradoxical contrasts of our civilization so much as in the Berlin of today. The two "nations" of Disraeli, living side by side and yet leading opposite lives, nowhere display their fundamental antagonisms more than in the Prussian capital.

Berlin is the most modern industrial city in Europe. It is years ahead of London in conveniences and comforts. Even Paris cannot compete with the elaborate luxury of its cafés, hotels, restaurants and places of amusement. The appearance of affluence on Kurfürstendamm can hardly be rivaled in any street in Europe. Piccadilly is a nineteenth century provincial street compared with it, and the grand boulevards of Paris lack the freshness and the lustre of Berlin's new buildings and ultramodern accommodations. No other European city embodies so completely the unadulterated spirit of modern industrialism, with all its external glamour and internal contradictions.

An afternoon stroll through the streets of Berlin's Westen leaves one with the impression that the whole city is enjoying itself amid scenes of plenty and of luxury. The brilliant, huge cafés are crowded. One can hardly find room in the most expensive and largest of them during those hours. One does not know what to marvel at most—at the gilded sur-

roundings or the richness of the food and drink. More whipped cream is served with an ordinary cup of coffee in a Berlin café than an average middle-class English family consumes in a day. How different is all this from the accounts of the pinching poverty of Germany and from what one would expect to find in Berlin.

A visitor does not have to remain in Germany long to discover that externals are deceptive. Keeping up appearance is almost an instinct, if not a national art in Germany. The average German worker is even now better dressed than the English, and one will not find in Germany the scenes of squalor and ugliness which disgrace every big city in England. Externally, even Berlin-Norden—the poorest district of the city—is tidier than the corresponding districts in Paris or any other European city. Only when the visitor penetrates into a German household and is able to observe something of the pitiful struggle which probably millions of German families must now wage in order to keep from actual starvation does he become aware of the life of that other German "nation" which does not drink in gilded cafés nor dine in luxurious restaurants. The real life behind the ornate front of Germany is then revealed and, accustomed as the observer may be to the contradictions in other great cities, he cannot fail to be shocked by what he sees here.

In Germany post-war industrialism has reached its heart's desire. Its dearest wish, for which it has been clamoring for over a decade in every

country of Europe, has been realized—the standard of living of labor has been reduced to meet, not only foreign competition but also foreign tariffs. The famous emergency decrees of the Bruening and von Papen Governments have cut wages in some trades as much as 40 per cent. But what is more, social service, especially the hated unemployment relief, has been reduced to a level which industry no longer considers a burden.

German unemployment relief was cut twice last year. From an average of \$5.50 a week which an average skilled single worker used to receive before the emergency decree of June, 1931, it has been reduced to a general average of about \$3 a week. From 26 weeks the benefit has been reduced to 12 weeks. A second intermediary period of 36 weeks, during which the unemployed person used to receive so-called "crisis relief" after his insurance had expired, has been practically abolished. After the first twelve weeks the unemployed is thrown upon the municipal "welfare" or poor law, which reduces his pittance to the almost ridiculous amount of \$1.50, \$1.25, \$1 or less, according to the municipality's purse. This relief, too, is given only after a severe means test, which has already deprived over 1,000,000 unemployed of relief.

The total number of German unemployed reaches almost 6,000,000 working families—the greatest proportion of unemployed in any country. To these must be added another 1,500,000 working part time and earning less than the dole. Together they represent, according to conservative figures, about 20,000,000 souls, and this huge army, practically a third of the entire population of Germany, is living in a state, not merely of ordinary destitution but almost on the verge of starvation.

"Can this vegetation of ours still be called life?" asks an unemployed workman in a recent issue of *Der Deutsche*, the organ of the moderate

Christian trade unions, while stating his case: "I have a wife and one child. We three do not need much. We do not make any exaggerated demands. We merely want to live, live like human beings. But is this possible? We get 39 marks [\$9.75] a month in relief. We pay 28 marks a month rent for our home. We thus have 11 marks [\$2.75] a month left for food, clothing, light and heating for three persons; 36 pfennigs [9 cents] a day for the family; 12 pfennigs [3 cents] a day per person." This is a typical case in Germany today, one illustrative of thousands of others.

As a result, a third of the population of Germany is today slowly but surely disintegrating physically; it is maddened politically, and driven to despair mentally. For reasons of national psychology this disintegration takes the form chiefly of political strife. Germany is hovering on the verge of civil war; the party struggles are of such ferocity and are accompanied by such outbursts of cruelty that they awaken memories of the Thirty Years' War. Daily reports of brutal political murder and bloodshed indicate the existence of almost guerrilla warfare and an alarming state of abnormal political morbidity, which may lead, not only the country but the world at large, into the worst calamities.

A non-political symptom of this disintegration strikes a visitor to Berlin immediately and is perhaps the strongest impression which he carries away from that city—the wholesale begging in the streets. Begging in Berlin is not the same as in other cities where it is confined to a limited number of professional or occasional mendicants. In Berlin there are beggars by the thousand, and they are mostly people who have never begged before, nor may they strictly be called beggars now. Begging to them is neither a profession nor even a temporary occupation. It



is simply the age-old way by which hunger has always manifested itself. People are starving and, after exhausting all other means of obtaining food, they almost instinctively hold out their hands to their more fortunate fellow-men, as hungry humanity has done for thousands of years.

You are accosted for alms by young men who are healthy, strong, tidily dressed and of athletic appearance. Your first impulse is angrily to resent the approach, while an almost instinctive thought leaps into your mind—what business have such young athletes to beg? Why do they not work? Then you learn that most of these youths did, indeed, work, but are now on the dole, and are obliged to resort to alms as additional aid in obtaining a meal.

You are stopped by middle-aged, well-dressed men, with iron-gray hair at the temples, evidently former office workers or civil servants. At first you cannot realize that they are begging. You think that they have stopped you for some information, and you are mentally preparing your apologies, only to learn that these elderly, neat gentlemen are asking for a few pfennigs.

You are appealed to by children, by little ones, who almost lisp their simple tale of woe, and by those who are older, more sophisticated, hardened and demoralized. Entire families walk in the streets and beg together. All methods of begging are used—the old one of stretching out the hand and pleading in the name of Christ; the newer one of offering a box of matches or shoe strings; the most popular one in Germany, that of singing and playing in the streets; and the ultra-modern and as yet rare one of dumbly threatening you for your few coppers.

One is almost crushed by the enormity of the thing. I counted a dozen people who came up with outstretched hand while I sat for fifteen

minutes at a sidewalk café table. Such scenes of wholesale, pitiful begging used to be witnessed only in agricultural countries in time of famine when, driven by hunger, the peasants finally left their empty homes and villages and began to tramp the roads and highways in search of a crumb of bread. It is while observing these street scenes in Berlin that you suddenly realize that we are, indeed, in the midst of a famine now, one as widespread as the biblical, ancient and medieval scourges, and as grimly tragic in its modern, industrial form as ever it was when harvests failed in backward agricultural countries. Fundamentally, there is little difference between the industrial and agricultural famines. The suffering in the Russian Volga district in 1920 was probably more acute while it lasted, but it certainly was not as widespread as the present travail in Germany, and it did not last as long. And there the victims could at least be sustained by the hope that the next good harvest would bring an early end to their ordeal. The only expectation modern Germany has is of still more emergency decrees, still more cuts in wages and in social services, and still greater unemployment.

All the tragic sacrifices of last year and of this one have, of course, availed nothing. All the terrible suffering of the people has led nowhere. German industry is in a worse position today than it was before the introduction of the emergency decrees. Unemployment figures are higher now than they were a year ago. Exports are smaller, and the balance of the country's trade is worse this year than it was in 1931.

If ever a theory has demonstrated its own complete bankruptcy, it is this pet theory of post-war industrialism that sacrifices at the expense of the health and well-being of the people can lead a country out of the slough of depression. And it has

been demonstrated more strikingly in Germany than anywhere else. For reasons of foreign policy Germany has been led to adopt this theory more thoroughly than any other country in Europe, and to apply it with a ruthlessness which has as yet only been dreamed of by reactionaries in the rest of Europe. Not a thinking person in Germany today but knows that most of these misfortunes of the Reich go back to that memorable day in June, 1931, when Chancellor Bruening, amid the applause of a highly pleased world, inaugurated the system of exacting sacrifices from the people by emergency decrees.

It is enough to come to Germany,

to see the almost criminal havoc which this system has wrought in that big, well-organized country, to realize how perilously near it has brought a great people to the brink of the precipice, and be told of the tragic futility of it all; it is enough to get a mere glimpse of it, to understand that that famous theory has failed utterly and disastrously. What is more, it has dragged down to disaster the country which has swallowed its principles whole, and has made them its own. For so thoroughly has Germany adopted this new post-war gospel that the collapse of the theory threatens to become the collapse of the nation.

---

## II—Will the Hohenzollerns Return?

---

By LUDWIG LORE

---

[Mr. Lore is one of the best known of German-American journalists. He was at one time editor of the *New Yorker Volkszeitung*.]

WILL Germany abandon its republic and return to monarchical rule? Despite Chancellor von Papen's protestations the question is a vital issue in the fatherland today. Evasions are always significant for what they fail to say, and the widely quoted speech which von Papen delivered before the Berlin Chamber of Craftsmen on Oct. 24 is no exception to that rule.

"There has been much talk," he said, "about our intention to work for the restoration of a monarchy, and the foreign press is using it to influence public opinion abroad against the loosening of the fetters of Versailles. I wish to state most emphatically that we concede to no one outside Germany the right to decide what form of State best suits the needs of our people. That is for Germany to decide. I have emphasized on previous occasions, and I desire to repeat it in

no uncertain terms, that we are called upon today to solve such a multiplicity of problems that we gladly abstain from worrying about the form of our State. That question is not before us at the present time."

The Chancellor's colleague, Baron Wilhelm von Gayl, Minister of the Interior, in an interview on Oct. 28 was less diplomatic. "The government entertains no idea of restoring the monarchy at present," he assured the reporters.

In other words, the question of monarchy versus republic was not to be made an issue in the Reichstag election, nor did the Cabinet consider it expedient to exert what might prove to be an unfavorable influence on its relation with important foreign powers at the moment by unduly stressing the question of restoration.

That every member of the present government, including President von Hindenburg, is and always has been an avowed monarchist is too well

known to require repetition. Unfortunately for the effectiveness of von Papen's protestations, other utterances recently made by him contradict his disclaimer of Oct. 24. On Oct. 12 he laid before an assembly of high federal and Bavarian State officials in Munich an outline of authoritative proposals for the revision of the Weimar Constitution of such a character that next day the National Executive Committee of the Social Democratic party issued an election manifesto warning the voters of the nation that "the Chancellor's statement is a declaration of war against the democratic republic. Von Papen is fighting for the restoration of the monarchy and for the suppression of equal electoral suffrage." The *Frankfurter Zeitung* pointed out that the changes outlined by the Chancellor "undoubtedly indicate that the ruling powers are determined to lay the groundwork for a fundamental upheaval—for the re-establishment of monarchy in the German nation. True, restoration may not be an issue today. Conditions are not yet ripe. But the foundations are being prepared and the construction of a new building will not be long delayed."

What is this government program? Briefly, it proposes the following:

1. The office of the State President of Prussia is to be held by the President of the Reich, who shall, moreover, have the power to appoint the Prussian Premier. Only two other Prussian Ministers are to remain—the Minister of Finance and the Minister of the Interior. All other Prussian State Ministries are to be filled by the corresponding Minister in the National Cabinet. The Prussian Landtag is to have the right to vote on the government, appointed by the State President, once at the beginning of each legislative session. These provisions would practically restore the state of affairs that existed in Prussia under Hohenzollern rule.

2. The States are to have the right to determine whether they desire a republican or a monarchist Constitution.

3. The right to vote in Reichstag elections is to be restricted by raising the age of suffrage to 25 years and by the restoration of the one-man election district system; at present Germany is divided into large electoral districts, in which voters cast their ballots for a complete list of candidates. In municipal elections a system which permits several votes to one person according to property and other qualifications is to be introduced.

4. The creation of an upper house. Legislative decisions are to be binding only if approved by an actual (not only of those present) majority of both houses. A decision of the Reichstag would become a law over the veto of the upper house, if repassed by a two-thirds majority. The present Reichsrat is to constitute only one-third of the new upper house, the second third being drawn from the National Economic Council and the remainder being appointed by the President of the Reich.

These proposals are in effect a re-enactment of the Constitution of Germany after the close of the Franco-German War in 1871, in several respects even antedating this reactionary monarchial instrument. In every detail they conform to the monarchist principle of one-man rule, with a Parliament to mask the workings of an arbitrary despotism.

On Oct. 14 the *Dortmunder General-Anzeiger* reported that General von Dommes, the confidant and adviser of von Papen, had already spent several weeks with ex-Kaiser Wilhelm at Doorn. There the General was looked upon as the official liaison officer between the Chancellor and the former monarch. This dispatch, which was never denied, received further credence from a communication published the same day by the Berlin

*Vorwaerts*, according to which the ex-Crown Prince had announced in conversations with prominent personalities that von Papen, von Schleicher, von Hindenburg and he himself "knew what they wanted and had come to a definite understanding. In the near future von Hindenburg would appoint the former Crown Prince to the regency of the nation and would retire. In that case the ex-Crown Prince would place his reliance on the Reichswehr, on the Schupo police and on the 400,000 armed members of the Stahlhelm. There would not be another 9th of November. The proponents of this plan were determined to fight—and if need be to die—for their cause. Rupprecht, the ex-Crown Prince of Bavaria, had already indicated his approval of the new course and would take his stand at the head of a Danubian kingdom on the same day on which the Crown Prince would assume the regency over Germany."

The von Papen government at once issued an emphatic denial of the *Vorwaerts* communication, characterizing it as pure fabrication. The *Vorwaerts* reiterated its story and offered to submit the unassailable testimony of ten witnesses and called on the government and the oldest scion of the House of Hohenzollern to bring suit, in which event it would be in a position to present satisfactory evidence of the truth of its report. Up to Oct. 28 no attempt had been made to force the *Vorwaerts* to eat its words.

What the ex-Crown Prince said concerning the Wittelsbach Rupprecht is undeniably true. According to the *Vaterland*, an independent Bavarian newspaper, Rupprecht assured an assemblage of 700 peasants in a speech delivered at the end of May that Bavaria cannot proceed alone: "We must wait until our friends in the Reich give the signal that they are ready to advance with us to restore the old order. In Prussia as here in Bavaria the spirit of monarchy is on the march.

I have been informed that there, too, everything is in readiness, waiting for the decisive moment to restore the ruling houses of yore to their rightful heritage."

The extraordinary degree to which this monarchist propaganda has gained ground in Bavaria may be judged from an article entitled "Bavarian Explosives" that appeared in the *Frankfurter Zeitung* of June 12, 1932: "For a week Rupprecht has been touring with great success. Wherever he went he was received with enthusiastic celebrations. High government officials, Catholic Bishops, city officials, societies and the entire population of township after township came to receive him; the farmers left their farms in the midst of the Summer harvest to celebrate the coming of the imperial visitor. The tenor of his speeches left no room for misinterpretation."

In the middle of August Chancellor von Papen visited Bavaria and conferred with Rupprecht. Two days later, according to the *Muenchener Neueste Nachrichten*, the Prince appeared at a *Bauerntag* surrounded by Bavarian nobility, the Bishop of Augsburg, the Provincial President of Upper Bavaria and other government representatives. "Prince Rupprecht," the report continues, "played with much skill on the sentimental attachment of his listeners to the House of Wittelsbach, comparing the good old days with the conflict and suffering of our time. \* \* \* Dr. Heim, leader of the Bavarian People's party, the Bavarian centrist party, was the last speaker. He announced that the Prince might at any time be proclaimed King of Bavaria. This would be in accord with public opinion, and he had good reason to believe that these sentiments were shared by the present Bavarian government and that the Reich government, too, takes the same stand. He wished with his whole heart that 'Long Live the



King!" would soon gladden the ears of Bavarian patriots." Spoken two days after von Papen's visit, this speech becomes significant indeed.

In Wuerttemberg this occurrence was noted with great disquiet. According to the *Frankfurter Zeitung*, Dr. Maier, Minister of Commerce and Industry of Wuerttemberg, addressing a meeting in Stuttgart on Oct. 17, protested against the "effrontery with which these elements are heading toward monarchy. The Reich government is openly fraternizing with the Bavarian ex-Crown Prince. Berlin already sees Germany divided into two spheres of influence—the Hohenzollern in the North and the Wittelsbach in the South. We Wuerttembergers wish to be neither Prussians nor Bavarians, but all together, with out a monarchy, better Germans."

The incumbents of the national government cannot be accused of having obtained their high positions under false pretenses. Chancellor von Papen, the representative of the Catholic feudal aristocracy, only last September admitted to the representative of an international news service who asked him whether he supported the republican idea that he had been "a monarchist all his life." Baron von Gayl was even more emphatic. In a meeting of the Reichsrat on June 9 he declared: "I should feel that I were despicable indeed should I try, in my capacity as Minister, to deny my deep conviction that monarchy is the most appropriate form of government for a country that lies in the heart of Europe. This conviction I have held, not only by birth and training, but as the result of long years of experience in government. I shall always gratefully recognize the great historic service our royal and imperial house has rendered to the German people."

General von Schleicher, Minister of War and the guiding spirit of the Cabinet, the man who has worked systematically and persistently for the

restoration of military supremacy in the republic, was already active behind the scenes during the monarchist Kapp Putsch of 1920. Herr von Neurath, Minister of Foreign Affairs, former Ambassador to Rome and to London, demonstrated his appreciation of the confidence reposed in him by one republican government after another by regularly absenting himself from the official annual Weimar Constitution Day celebrations. The remaining members of the Cabinet, Herr von Braun and Professor Warmbold, are members of the Hugenberg party and have never denied their enthusiastic adherence to the monarchist cause.

The present government is supported by only two political parties—the German Nationalist People's party with thirty-seven Deputies in the Reichstag and the German People's party with seven. Dr. Hugenberg, the leader of the former, is an avowed monarchist. "Kaiserism," he declared at Koenigsberg on July 30, "is the country's safest guarantee for a clean, strong and righteous State. \* \* \* Monarchy is the only natural form of government for Germany." In the last Reichstag election, the program of his party renewed its pledge to "work indefatigably and courageously for the return of the glorious Hohenzollern to the German throne." The party was less vociferous in its monarchist protestations during the first years of the republic. Its more recent support of the monarchy has been unequivocal. In a national conference of functionaries on Oct. 6, Dr. Quaat, the recognized mouthpiece of Hugenberg, declared that "the work of reconstruction in Germany must find its last and greatest achievement in the restoration of Hohenzollern rule." The German People's party which, under Stresemann, once had fifty Deputies in the Reichstag, stands theoretically committed to a monarchist conception of government, although its leader, Dr. Dingeldey, has hitherto refrained from active partici-

pation any efforts to realize that idea.

The Cabinet, however, does not rely only on these political parties. It has the support of the Stahlhelm with its membership of 300,000 active and 150,000 passive ex-soldiers. At an election rally on March 5 Colonel Theodore Duesterberg, vice president of the Steel Helmets, strongly advocated a Hohenzollern régime. "I hold," he said, "the present form of government to be a political nursery for the proverbial German disunity. In the thousand years of our changing history it was always the imperial ideal which brought German tribes out of fierce internecine strife and mutual annihilation to unity."

Then again, in regard to the much discussed Reichs Frontsoldatentag of the Steel Helmets of Sept. 4, its chairman and founder, Georg Seldte, spoke of the "new era that begins with this day." A year ago, he reminded his followers, "I told you that the 'measure is full to overflowing!' These words were prophetic. They marked the conclusion of the first twelve years of our struggle. The period of waiting, of preparation is over. Today the fate of Germany rests with the soldier once more. He must take his place at the machinery of State into which saboteurs and inefficient politicians have thrown the sand of a corrupt parliamentarism for twelve long years. We have returned to Berlin once more and we are here to stay. \* \* \* Our revolution needs creative genius and that strong head which, for centuries past, directed the destinies of Germany with sure and efficient hands." Among the guests of honor at this display of Steel Helmet force were the entire von Papen Cabinet with Dr. Bracht, National Commissioner for Prussia; the ex-Crown Prince and Princess, three other Hohenzollern Princes, five former ruling "heads," the entire military aristocracy and the finest flower of German feudal nobility. Anti-republican Germany was there in full regalia.

On Oct. 9 the Prussian State convention of the Stahlhelm at Magde-

burg was addressed by the ex-Crown Princess. Simultaneously a huge gathering met in Berlin to view a number of new Steel Helmet films shown in honor of the former Crown Prince and his brothers. Their presence on this occasion was greeted with stormy ovations. Addressing this assemblage, Herr von Papen assured the Steel Helmets that their thirteen years of struggle will not have been in vain.

During the last few months a number of organizations have been founded which, though numerically unimportant, are significant as the spontaneous expression of growing monarchist sentiment. The *Bunder Aufrechten*, a monarchist propaganda organization that was dissolved in 1922 for its subversive activity, was recently informed by the Prussian Ministry of the Interior that "it is at liberty to take up once more its function of organizing those who seek an outlet for their monarchist convictions." Also there have been founded the Social Monarchist League, which publishes *Die Monarchie*, and the German Kaiser party, with its organ *Fanal*. These are without influence, but their creation at this time shows, if nothing else, the growing strength of the monarchist movement.

Since the von Papen government actually represents a comparatively small portion of the German population, what is the attitude of the other political parties and of Germany as a whole, to a possible restoration of the monarchy?

The Nazi party, now the largest political organization in Germany, belongs and always has belonged to the most determined enemies of republican rule, that form of government which Hitler once called the "worst excrescence of the mentally diseased debauchery of revolution." Hitler's party has a large following among high military functionaries, in the aristocracy and among government bureaucrats. Its membership includes "the best people" of the nation—the Hohenzollern Prince August Wilhelm

and the former reigning Princess of Coburg, Mecklenburg, Oldenburg, Brunswick and Reuss, and has received large subsidies from the Hohenzollern coffers. Not that financial remuneration was necessary to purchase Hitler's allegiance to the monarchical idea. As far back as 1922, in the Hofbrauhaus Putsch, Hitler and his followers openly declared for the return of the monarchy in a solemn ceremony in which he dedicated himself to the royalist cause.

The Centrist party at no time before the revolution of 1918 was regarded as an exponent of republicanism. But the Centrists have always been able to adapt themselves to political exigencies. For years they were in perfect harmony with their bitter pre-war enemy, the Social Democrats; since the last two Reichstag elections they have been endeavoring to come to terms with the German Fascists to establish a Reichstag coalition. The Centrists, too, would feel most completely at home under the protection of a monarchical government.

There remain the two proletarian parties. The Communist party would, without question, mobilize a most determined opposition against any attempt to restore the German monarchy and would muster a large non-Communist working-class element to its support. But this movement would fail unless it could obtain the official and determined cooperation of the Social Democratic party and the Social Democratic trade union federation. Whether or not it would be possible to bring the Communists and the Social Democrats together on this issue is more than doubtful. Although the workers who make up a large part of the Social Democratic party are undoubtedly republican, it has recruited a large middle-class membership which, if offered a choice between constitutional monarchy and Fascist dictatorship, would determine the party once more to choose "the lesser of two evils" in line with its policy of recent years. It should not be forgot-

ten that, in 1918, Socialist leaders tried vainly to preserve the constitutional monarchy.

The German people are in reality republican neither by tradition nor by conviction. The republic is too young, nor has it ever had a chance to take root in the nation. Its schools have fostered the memory of a glorious past and deplored the troublesome present. Its youth has been poisoned by military propaganda, its passions fanned to a patriotic flame by the oppressive Versailles treaty and the burden of reparations. The republic came before there were republicans in Germany. To the Socialists and the Communists the political form of the State has always been of secondary importance. The hopelessness of an anti-monarchical movement led the Social Democratic party, about 1908, on the advice of August Bebel, to give up active opposition to monarchy as a State form and to concentrate its attacks on the autocratic absolutism of the Hohenzollerns. The middle classes have never had either democratic or republican traditions.

Unquestionably there are in Germany—not only among the workers—men and women who received the republic as a gift from fate, who greeted its coming as a harbinger of firmness and strength in the midst of chaos and defeat and accepted it whole-heartedly as the logical successor of monarchy. But they have become discouraged in a republic staggering under the burdens that monarchy and war left on the back of the German people. The short-sightedness of the five men in Paris who condemned the nation for the sins of its monarch is as much responsible for the failure of the republic as are those German statesmen who from the very beginning spoke of the republic as the *Deutsche Reich*—rarely as the *Deutsche Republik*.

Already two distinct groups, each with a definite social outlook, aspire to the succession. The Hugenberg party, the Steel Helmets and the present Cabinet, representatives of the

most reactionary elements in the country, are grooming the eldest son of the ex-Crown Prince for the throne. Their efforts to bring about, after a period of gradual adjustment of economic and social conditions, a replica of the régime under Kaiser Wilhelm are meeting with the vigorous opposition of the National Socialist party which counts as one of its greatest assets Prince August Wilhelm, popularly known as "Auwi," active member and show-propagandist of the Hitlerites. The struggle between the two groups is being carried on with a personal animosity that has resulted in an estrangement of the members of the royal family. Prince August Wilhelm expressed this difference in outlook recently when he stated that the character of the monarchy would be decided, not on the merits of old claims, but on the degree to which it reflected social conditions and political ideas of our more advanced times. There is more truth in this observation—it sounds like the Nazi publicity department of Dr. Hanfstaengl—than Prince Auwi, who has never been noted for his political sagacity, may realize.

The monarchy, if it does come, will be the expression of new economic and social forces. It will be less offensive-

ly autocratic in its dealings with the people than the old régime, though probably more arrogantly nationalistic toward the world outside. It will not be able to ignore the fact that the revolution, abortive though it was, instilled into the masses a certain degree of self-confidence and self-assertiveness; that the plain man, who once rendered unquestioning fealty to his royal ruler, saw his demigod, a mere panic-stricken mortal, flee from the country to escape retribution. The new monarchy will serve the interests of a determined dictatorship, but it will do so without the brazen effrontery of William II; it will proceed with greater caution, with an outward appearance of understanding for the needs of the masses calculated to undermine the menacing influence of the labor parties.

The monarchy is on the march. To the government, the army, the huge bureaucracy, the bourgeoisie and, more's the pity, to the youth of Germany, the medieval splendor and tattered glory of monarchist relics and knightly traditions once more have become life's highest ideal. The caricature that von Papen, von Schleicher and von Hindenburg have made of the German Republic has long lost its last defender.



# The Supreme Court Rules That—

By ZECHARIAH CHAFEE JR.

[The author of the following article is Professor of Law in Harvard University. He has been connected with many public commissions investigating present-day problems and as consultant to the famous Wickersham Commission wrote part of its report on lawlessness.]

YEAR by year new problems of economic organization and business relationships, new ideas of social welfare, new clashes between wealth and government reach the Supreme Court. The membership of a body with such great power over the development of American society is, therefore, most important; the appointment of a new justice is an outstanding event. On Jan. 11, 1932, Oliver Wendell Holmes, for twenty-nine years a justice of the United States Supreme Court and recognized as the foremost living judge in the English-speaking world, retired from the court. Two months later his place was taken by Benjamin N. Cardozo, chief judge of New York State and long considered the ablest American judge outside the Supreme Court.

Decisions which divide the court are naturally the most interesting, but they form only a small part of its work. During the 1931-32 session, in the cases which were of sufficient importance to receive full judicial opinions, the court divided in 26, but was unanimous in 129.

Of the unanimous decisions two settled long-standing doubts concerning the relations between the President and Congress. *United States v. George Otis Smith* construes the Senate rule on reconsideration of its confirmation of a Presidential appointment and holds the Senate cannot withdraw its confirmation after the

President has been notified thereof and has issued a commission to the appointee. The Senate cannot change its mind even though the appointee's initial policies arouse regret that he was confirmed. It is interesting that the opinion was written by Justice Brandeis, who hardly shares Mr. Smith's views on water-power problems. *Edwards v. United States* held that the President can approve an act of Congress after Congress adjourns, thereby relieving him from the annoying necessity of remaining at the Capitol to sign last-minute legislation before the close of a session. The bill becomes law if he signs it within ten days; if he does not there is a pocket veto.

Another controversy related to the structure of government. The reapportionment of the national House of Representatives after the 1930 census changed the number of Representatives from many States and required new Congressional districts. By the Constitution, "the Legislature" of each State is to redistrict it. In Minnesota, Missouri and New York the two houses of legislators assumed that they were "the Legislature" and dispensed with the Governor's approval of the redistricting. The Supreme Court took the opposite view. Chief Justice Hughes says the meaning of "the Legislature" in the Constitution varies according to the particular action contemplated. Mere consent to Congressional acts like the ratification of a constitutional amendment needs only the two houses, but redistricting resembles lawmaking and is, therefore, subject to the Governor's veto. This invalidation of the New York redistricting bill leaves the old

districts unchanged, with two added Representatives to be elected at large. But in Minnesota and Missouri, where the representation is decreased, all the Congressmen had to be elected at large on Nov. 8.

Blackmer, head of an oil company involved in the Teapot Dome scandals, left for France to avoid testifying. Consequently, Senator Walsh of Montana obtained a statute making an American citizen residing abroad guilty of contempt if he disregarded a court order to become a witness, expenses paid. His American property can be seized to pay the fine. Blackmer's attack on the constitutionality of this law has failed. Chief Justice Hughes holds the duty to testify in his country's courts remains one of the obligations of a citizen wherever he lives.

The exemption from State income taxes on copyright royalties, which authors have enjoyed for several years, was abruptly ended by *Fox Film Corporation v. Doyal*. Chief Justice Hughes declared that neither copyrights nor patents were instrumentalities of the Federal Government untaxable by the States. By overruling a 1928 5-to-4 decision exempting patent royalties from State taxes, the entire court has now adopted the view expressed by Justice Holmes's dissenting opinion in the 1928 case. Dissenting opinions thus sometimes forecast the law of the future.

Regulation of billboard advertising is considerably strengthened by *Packer Corporation v. Utah*. This held valid a Utah statute forbidding tobacco advertising on billboards, placards and in street cars. Justice Brandeis quoted approvingly the distinction drawn by Judge Folland of Utah between billboards and advertisements in newspapers and magazines, which the statute permitted:

Billboards, street-car signs and placards, and such, are in a class by themselves. \* \* \* Advertisements of this sort are constantly before the eyes of ob-

servers on the streets and in street cars, to be seen without the exercise of choice or volition on their part. Other forms of advertising are ordinarily seen as a matter of choice on the part of the observer. \* \* \* In the case of newspapers and magazines, there must be some seeking by the one who is to see and read the advertisement. The radio can be turned off, but not so the billboard or street-car placard.

The movement toward economic planning has received some support from two unanimous decisions upholding State regulation of oil and gas production. *Bandini Petroleum Company v. Superior Court* sustained a California statute allowing the State to sue to enjoin unreasonable waste of natural gas. Chief Justice Hughes pointed out that gas and oil spread continuously under land of many different surface owners, so that waste by one producer draws down the future supply of his neighbors. Consequently he upheld the statute as an endeavor to preserve the coexisting rights of surface owners. He expressly left open the alternative argument for the statute—the interest of all the public in the conservation of natural resources.

Even more drastic legislation was substantially sustained in *Champlin Refining Company v. Corporation Commission*. The Oklahoma commission was empowered by law to determine the amount of oil which could be taken from a field without waste and to prorate this total among the various surface owners in the field.

Chief Justice Hughes had his first opportunity to discuss liquor regulation in *McCormick v. Brown*, which will be of importance if the Eighteenth Amendment is repealed. He maintained that the Webb-Kenyon act is still in force, so that States can exclude liquids they consider intoxicating even though legal under Federal law.

About half of the twenty-six divided decisions last session repay detailed examination as showing persistent rifts in the court. During the 1930-1931 session the judges tended to fall into three groups. Four justices—Van

Devanter, McReynolds, Sutherland, Butler—were inclined to limit the powers of Legislatures and commissions over property and business. Three justices—Holmes, Brandeis and Stone—interfered more reluctantly with these governmental bodies. It has been the fashion to describe these two judicial groups by labels which vary with the critic's personal views, "conservative—liberal," "strict—flexible" "sane—socialistic." The balance of power between them was held in 1930-31 by a third group, consisting of the two latest appointees, Chief Justice Hughes and Justice Roberts, who that year sided oftener with the second group. A review of the divisions during the past Winter discloses their more recent attitude.

A pressing governmental problem today concerns the powers of commissions. The old enthusiasm of the Progressive period for entrusting the regulation of commerce and industry to one or more specialists trained in the particular field has given place to a marked reaction. Commissioners are no nearer perfection than other people, and their mistakes have been pounced on by business men who do not want to be regulated at all. Furthermore, commissions have often become political footballs. Membership carries less prestige than judgeships and sometimes attracts henchmen rather than experts.

Naturally, some Supreme Court justices share this distrust of commissions and tend to restrict them. On the other hand, the dangers to human health and welfare created by modern business call for some kind of regulation. This does not benefit merely the poor. Railroads can overcharge shippers for freight; utilities can overcharge manufacturers for power and light. Unless we are to have no regulation whatever, somebody has got to do the regulating. Legislators are too busy upon multitudinous diverse tasks to inspect slaughter houses and constantly revise freight rates. Judges

often think they should have the last word where property rights are involved; yet such able judges as Holmes and Brandeis have questioned their own capacity to apportion transcontinental freights or value utilities better than members of commissions. Even the more hostile justices have recognized, as in the Oklahoma oil proration case, the usefulness of commissions in showing business men in advance exactly what they must not do instead of leaving them guessing at their peril about the meaning which courts would give later to vague legal standards of conduct like "unreasonable waste" or "restraint of trade."

The conflicting views about commissions appeared in four divided cases last session. In the Rock Island case the Interstate Commerce Commission regulated payments for freight cars borrowed from other railroads. It adopted the previous practice of a daily rental for a car, regardless of the miles it ran, but ordered that railroads less than 100 miles long should have two days free time. The court invalidated this provision. Short roads must pay the same rental as long roads; otherwise the property of the railroads owning the freight cars is confiscated. This view of Justice Sutherland was shared by Justices Van Devanter, McReynolds, Butler and also by the Chief Justice and Justice Roberts. A dissenting opinion by Justice Stone for the "liberal" group said the commission had to face a condition of extraordinary complexity, not a theory. The daily rental is not an exact compensation for freight cars, only a rule of thumb. Although easy to apply and usually a fair enough measure, justice requires its modifications for special cases. The short lines need help because their terminal expenses form such a large proportion of their earnings; the two free days are a reasonable attempt to offset that burden. The Constitution requires only a fair working rule like this, not a standard of unattainable exactness.

Two other divided decisions reversed the Interstate Commerce Commission. In the *Baltimore & Ohio* case, the same majority judges imposed a rigorous standard of procedure upon the commission at the sacrifice of justice in the particular case. *Arizona Grocery Company v. Atchison, Topeka & Santa Fe*, in which Justice Stone joined the majority, presented a fundamental conflict between the desirability of enabling private citizens and corporations to rely on administrative action until a new rule is definitely established and the freedom of governmental bodies to make the fairest possible regulations, however late in the day. The commission had fixed a maximum rate mistakenly high and tried to revise it retroactively, but this the court would not allow. The decision has the disadvantage of obliging the commission to re-examine the rate structure more often.

A fourth commission case, *Crowell v. Benson*, was the most far-reaching of all the decisions of the court last session. In 1927, after the court had denied State Legislatures power to provide compensation for injured longshoremen and harbor workers, Congress set up a system of Federal workmen's compensation for accidents on navigable waters. Its administration was entrusted to the United States Employees' Compensation Commission, which appointed deputy commissioners in different districts to try and decide claims for compensation. A compensation order "not in accordance with law" could be set aside by a Federal court. Many thousand claims have been settled by deputy commissioners with very few resorts to judges.

Recently, Deputy Commissioner Crowell decided that one Knudsen was injured upon navigable waters while employed by Benson. Benson attacked this award in court, maintaining that Knudsen was not in his employ when the injury occurred. The lower Federal judge so decided,

and set aside the award. He gave no weight to Crowell's finding that Knudsen was Benson's employe or to the record of testimony taken before Crowell, which the judge did not even read. In short, the judge completely retried the case and disregarded everything which happened before the deputy commissioner. His action was sustained by a bare majority of the Supreme Court. Chief Justice Hughes wrote the opinion, in which the "conservative" justices concurred. The three dissenters were Justices Brandeis, who wrote the minority opinion, Stone and Roberts. Justice Holmes was gone; Justice Cardozo had not yet joined the court.

This decision imposed two serious limitations upon the powers previously supposed to belong to a commission or other administrative body. First, the majority refused to apply the usual rule that the administrative findings of fact are final and will not be altered by a court unless—and nothing of the sort had happened here—the administrative body misinterpreted the statute or decided without any evidence to support its conclusion. For example, if an immigrant is excluded as insane and there is a little evidence of insanity, a Federal judge cannot admit the immigrant even if he considers that a great preponderance of evidence shows the immigrant absolutely sane. Congress has entrusted the admission of foreigners to the Immigration Bureau, not to the courts.

Chief Justice Hughes did concede a similar finality in the maritime compensation cases to the deputy commissioner's findings about such facts as the reality of an accident and the seriousness of the workman's injuries. But the issue in the Benson case—was the injured man an employe?—was, he says, entirely different. The deputy commissioner had no power to pass on the claim unless the victim was employed



by the defendant. If the deputy commissioner were the ultimate judge of the very facts which gave him any power to judge at all, he would be pulling himself up by his bootstraps. Consequently, such "jurisdictional facts" could be reviewed by a Federal court. The second limitation on the compensation commissioner allowed this review in court to be made upon fresh evidence. In most reviews of administrative bodies the judges do not hear witnesses, but simply examine the testimony given before the administrative officials, and decide whether or not the record justifies the administrative result. In the Benson case the record was not even read.

Nobody knows exactly what was decided in this case. Even if its doctrines are confined to maritime compensation cases the consequences will be unfortunate. If the employer can always carry material issues to the courts and save his best witnesses for the judge, these cases will really be settled in court instead of before the deputy commissioner as the statute planned, so that the attempt of Congress to provide a cheap and speedy method by which an injured workman and his family can avoid being wiped out by a maritime disaster will be largely defeated. The results will be even worse if the decision is applied to other types of administrative action. The line the majority suggests between "jurisdictional facts" and other facts is by no means clear. Skillful argument can present as jurisdictional almost any fact tried by an administrative official. Whether such arguments succeed or not, litigation before Federal commissions will be more complicated and expensive, and practical questions which Congress meant to be quickly decided by specialized experts will drag on for years from one court to another.

No problem creates judicial divergences oftener than taxation. Last session the court divided on eight tax cases, of which five deserve mention.

*Hoeper v. Wisconsin* held that a State cannot combine the separate incomes of a man and his wife living together, impose a graduated surtax as if the unified result were one person's income, and collect the whole family income tax from the husband. Justice Roberts, for the majority, said that the husband no longer owns his wife's property and earnings. The statute is unfair in partly measuring the man's tax by another person's income. Justice Holmes, in what was his last dissenting opinion, was supported by his old minority associates. Each spouse, he said, does in fact receive the benefit of the other's income. Since the Legislature can make the husband liable for his wife's debts, it may also enact "that he shall be liable for taxes on an income that in every probability will make his life easier and help to pay his bills."

Formerly a decedent's relatives might be forced, with the court's sanction, to pay inheritance taxes in three or four different States, besides supporting the Federal Government. During the past three years the majority judges have gradually eliminated inheritance taxes except for the State where the dead man lived. First National Bank v. Maine practically completed this process by upsetting an inheritance tax on stock, levied by the State of incorporation. Justices Holmes, Brandeis and Stone steadily refused to take part in this series of judicial somersaults.

At present a decedent's estate pays only two inheritance taxes—to his own State and to the Federal Government. This being heavy enough to make some live millionaires give away large amounts, Congress in 1916 extended the Federal tax to gifts in contemplation of death. But it was hard for the government to prove the decedent's intention, and so the act of 1926 imposed an inheritance tax on all gifts, regardless of motive, made within the last two years of a man's life. This provision, however, was held

unconstitutional in *Heiner v. Donnan*. Justice Sutherland pointed out the undiscriminating quality of the statute and was joined in the opinion by the Chief Justice and Justice Roberts. Justice Stone, with Justice Brandeis's concurrence, defended the law as necessary to avoid evasion of inheritance taxes. Justice Cardozo did not participate. The practical effects of the decision are considerably lessened by the 1932 gift tax, which renders the generosity of the living almost as expensive as that of the dead. The government receives some revenue from the gift even if it cannot be proved to be in contemplation of death.

The court divided, but differently, in *Pacific Company v. Johnson*. This allowed a State to reach the tax-exempt bonds of a corporation by subjecting it to a franchise tax measured by the corporate income of the preceding year from all sources, including interest from Federal, State and municipal bonds. Justices Van Devanter, Sutherland and Butler dissented as in the somewhat similar *Educational Films* case of the year before. This was the first divided case in which Justice Cardozo participated.

During the war the *Coronado Oil and Gas Company* drew its entire income from wells on public lands leased from Oklahoma, which used the rentals for schools. Justice McReynolds held it would be a burden to the State to make the oil company pay any Federal income and excess profits taxes for 1917, 1918 and 1919. Chief Justice Hughes, Justices Van Devanter, Sutherland and Butler agreed. Their decision was largely based on an older case. The four dissenting justices—Brandeis, Stone, Roberts, Cardozo—thought this case already overruled. Those who paid wartime income taxes have some difficulty in comprehending how this bonanza to the oil company helped the Oklahoma public schools. The possibility that the State could obtain higher rentals for its oil fields if lessees were tax-free seems specu-

lative. Oklahoma did not care about this case enough to employ a lawyer to oppose the taxes. Buyers of State property, moreover, do not escape Federal taxation on the theory that they would pay a higher price if exempt. The fact is that the governmental instrumentality doctrine, which tries to protect the States and the nation from remote results of each other's taxes, has led the court into hopeless metaphysical tangles.

One case under the Sherman anti-trust act split the court, *United States v. Swift*. The combination of the five leading meat packers was dissolved in 1920 by a decree entered with their consent forbidding them to sell meat at retail or to manufacture or sell groceries. Despite their consent, the packers persistently tried to invalidate this decree and succeeded in having its operation suspended by a lower court for four years. In 1930 *Swift and Armour* regarded the rise of chain stores and other developments as having so completely changed conditions in the food business that they should be permitted to operate retail meat markets and to deal in groceries. The same lower court modified the consent decree to permit all the leading packers to deal in groceries wholesale. The government and various grocers' associations appealed. The Supreme Court reversed this decision and continued the original decree keeping the packers out of the grocery business. Justice Cardozo, in his first majority opinion, said:

Size carries with it an opportunity for abuse that is not to be ignored when the opportunity is proved to have been utilized in the past. \* \* \* Size and past aggressions induced the fear in 1920 that the defendants, if permitted to deal in groceries, would drive their rivals to the wall. Size and past aggressions leave the fear unremoved today. \* \* \* The difficulty of ferreting out these evils and repressing them when discovered supplies an additional reason why we should leave the defendants where we find them, especially since the place where we find them is the one where they agreed to be.

Justices McReynolds, Brandeis and Roberts concurred. Justice Butler in a

dissenting opinion supported by Justice Van Devanter thought that the proposed change would not give the packers any undue advantage over wholesale grocers. This was a 4-to-2 decision because the Chief Justice and Justices Sutherland and Stone did not participate.

The only important divided case on civil liberties was *Nixon v. Condon*. After *Nixon*, a Negro, had upset a previous Texas statute expressly barring Negroes from Democratic primaries, the Texas Legislature substituted a law allowing every political party to prescribe the qualifications of its own members. The Democratic State Committee thereupon resolved that only whites could vote at primaries. *Nixon* was again excluded, and again vindicated his rights. His chief difficulty was that the Fourteenth Amendment forbids a "State" to take away rights, but does not apply to wrongs by private persons. Justice Cardozo, however, for the majority said that the Texas Democratic party was not a voluntary association like a social club, but acted under legislative authorization, so that *Nixon* was still excluded by the State of Texas. This view was shared by the Chief Justice and by Justices Brandeis, Stone and Roberts. The four dissenting justices said that the Legislature did not authorize the Democratic party but merely recognized its existence. Texas left the blacks as free as whites to organize their own political parties, so there was no unlawful discrimination against Negroes.

Perhaps the Texans will make a third attempt to bar Negroes from Democratic primaries, by repealing all primary laws and letting the Democratic party make its own rules of eligibility without reliance on statutes. Even so, the court may still enable Negroes to vote at primaries, because, as Justice Cardozo reasons, the realities of political life today make political parties "the agencies of the State, the instruments by which government

becomes a living thing." Meanwhile, as Justice Holmes remarked, Texas Negroes now possess at the primary the rights which theretofore they had enjoyed at the general election.

Finally, two divided cases concern miscellaneous regulatory legislation. In *Coombes v. Getz*, creditors of a California corporation sued a director, under a clause of the California Constitution making directors individually liable for all money embezzled from the corporation during their term of office. In the middle of the litigation this harsh rule was repealed. The State court then dismissed the suit, relying on another clause of the State Constitution which allowed all laws about corporations to be amended or repealed. The majority of the Supreme Court held the director still liable. Justice Sutherland said that the repeal could not cut off the vested rights of the creditors. Justice Cardozo, in his first judicial opinion at Washington, dissented, with the concurrence of Justices Brandeis and Stone, on the ground that the directors' contractual liability to the creditors was known by them to be destructible if the State Constitution should thereafter be amended.

The most discussed case of last session, *New State Ice Company v. Liebmann*, held invalid an Oklahoma statute declaring the manufacture, sale and distribution of ice to be a public business which should not be carried on without a license, and provided that a license could be refused to a new ice dealer in a community where existing business afforded adequate services. Justice Sutherland for the majority said that the ice business was not a public utility but was essentially private, and could not be singled out from other enterprises for this drastic regulation which was designed to protect consumers by preventing impurity or extortion. This statute does not prevent monopoly, but tends to foster it, and no question of conservation of natural resources was involved. The

States could not push experimental legislation to the length of depriving citizens of the privilege of engaging in ordinary trades. The Chief Justice, Justices Van Devanter, McReynolds, Butler and Roberts concurred. Justices Brandeis and Stone dissented. Justice Cardozo did not participate.

The dissenting opinion of Justice Brandeis dealt much less with legal precedents than with conditions in the ice business. He showed that duplication of plants and delivery service is wasteful and ultimately burdensome to consumers. The business needs protection from destructive competition. In concluding he said: "The people of the United States are now confronted with an emergency more serious than war. Misery is widespread, in a time, not of scarcity, but of overabundance." Many persons think that a main cause of this disaster is unbridled competition and insist there must be some form of economic control. The only way to prove if this view be sound is to permit experiments to be tried. In the exercise of its power to prevent experiments, the court must be on its guard lest prejudices be erected into legal principles.

This clash of views as to the proper function of government is likely to be repeated whenever various forms of economic planning, by limitation of production, proration or otherwise, come before the court. Such schemes will not always be invalidated. Oil and gas regulation, as we have seen, was permitted because of the close interrelation among surface owners. Still, the important divided decisions of last session bring out a persistent cleavage in the court. Justices Van Devanter, McReynolds, Sutherland and Butler almost always hold together. This group is large enough to be in the majority in most cases, but time is against it. The manner in which its members approach constitutional problems is almost completely discarded in the leading law schools and this will necessarily have a great

influence upon the bar and the judges of the next quarter century. The future lies with the present minority of three, in which the loss of Justice Holmes has been replaced by Justice Cardozo. As Justice Brandeis grows older, Justice Stone stands out as the vigorous exponent of the ideas of this group in arguments of a strong, lawyer-like quality. Justice Cardozo brings to it his long experience of State problems and a mastery over felicitous words. The attitude of the remaining two judges is much harder to predict. Chief Justice Hughes and Justice Roberts have been on opposite sides several times during the past session, and in these cases the Chief Justice has always joined the four members of the "conservative" group.

The cleavages thus roughly indicated cannot be rigidly defined. The group which usually gives legislative powers a wide scope where business is concerned limited those powers in *Nixon v. Condon*. The same group, although frequently called socialistic, upheld a wealthy director in *Coombes v. Getz*. Nor is the divergence of views confined to economic issues. The court split up in just the same way in a six-to-three decision on a purely procedural question arising out of a will case in the District of Columbia, where Justice Sutherland refused to correct a palpable judicial error because the loser had delayed his appeal too long, while the usual minority dissented because, as Justice Cardozo said, "a system of procedure is perverted from its proper function when it multiplies impediments to justice without the warrant of clear necessity."

Several of the justices will probably retire before very long. Justice Brandeis is 76, Justice Van Devanter 73, Justice Sutherland 70, and the Chief Justice 70. This possibility of a considerable change in the membership of the court brings still more uncertainty to its future decisions.



# Austria: A Nation Paralyzed

By VERA MICHELES DEAN,

*Research Staff, Foreign Policy Association*

NOWHERE, perhaps, are the political and economic forces now at work in Central Europe so definitely crystallized as in the little mountain republic of Austria. Here, as in a microcosm, may be watched the conflict between the desire for economic self-sufficiency and the need for international cooperation; the struggle of socialism against fascism, and of both against the bourgeois State; the desperate efforts of an industrial civilization to maintain its hard-won standard of living in the midst of a world economic crisis.

Austria's economic system, which had never become completely adjusted to the settlement of the Treaty of Saint-Germain, and had only indirectly benefited by the post-war boom, proved peculiarly susceptible to the world depression. Shorn of its privileged position as the central unit in the Habsburg empire, in which it enjoyed a free-trade market for its luxury goods while receiving Hungarian agricultural products and Czech raw materials, Austria found that its very existence depended on the continuance and development of export trade. Even during the relatively prosperous years, 1926-28, when Vienna had recovered something of its former prestige as the trade and banking centre of the Danubian region, Austria presented the paradox of a primarily industrial country, forced to import such basic foodstuffs as wheat, while its manufactured goods encountered high tariffs in the Succession States. Since then the sharp decline in the purchasing capacity of the agrarian countries—Hungary, Yugoslavia, Rumania, Poland and Bulgaria—which

together absorbed one-fourth of Austrian exports, and the introduction of foreign exchange restrictions in Central and Eastern Europe, have practically paralyzed Austrian foreign trade.

In the struggle to retain dwindling markets, Austrian industry is handicapped both by its character and its high cost of production. Austria has always specialized in the manufacture of luxury goods, which do not lend themselves easily to standardized production, and find no ready purchasers in hard times. Moreover, the necessity of importing all basic raw materials, the lack of capital for the modernization of plants, the cost of social insurance, high taxes and the relative inefficiency of labor, have made it difficult for Austrian industry to reduce its cost of production to a level at which it can compete successfully with German or Czechoslovak manufactures.

The curtailment of exports has been accompanied by a still more drastic reduction in imports, with the result that during the first half of 1932 Austria enjoyed a more favorable balance of trade than for the corresponding period in 1931. This balance, however, was due largely to import prohibitions and foreign exchange restrictions, and represented no real improvement in the country's economic situation. In April, 1932, having failed to obtain outlets for its exports, Austria retaliated by prohibiting the importation of various foodstuffs and of manufactures which compete with Austrian products, such as shoes, paper, cotton goods, and motor cars,

These prohibitions have benefited the peasant more than the industrialist. The former, who already enjoyed the protection of a tariff favorable to agriculture, now receives higher prices for his products than his Hungarian or Yugoslav neighbor, while the industrialist fears that import prohibitions will provoke retaliation by the countries to which he exports. As for the Austrian consumer, he, as usual, has been ground between the upper and the nether millstone and has found his cost of living mounting steeply at a time when his income has dwindled or remained stationary.

The foreign exchange restrictions introduced in October, 1931, have been even more effective than import prohibitions in limiting imports. In principle the Austrian National Bank alone can buy and sell foreign exchange; private transactions are prohibited and severely punished. Every exporter must turn over to the National Bank the foreign exchange obtained for his exports, and in return receives schillings (at par the schilling is worth 14.07 cents) at the official rate, which is from 25 to 30 per cent lower than that quoted on foreign markets or on the illegal "black bourse" in Vienna. Similarly, every importer must apply to the National Bank for the foreign exchange needed in his business. Until July, 1932, however, when the government established a virtual moratorium on foreign debts, the bank used its foreign exchange chiefly for service on foreign loans and granted not more than 1 or 2 per cent of the importers' demands.

In practice, the necessity of continuing Austria's export trade made relaxation of the system imperative. Such relaxation has been achieved by two methods, both of which are authorized by the National Bank—private clearings, under which Austrian exporters sell foreign exchange directly to Austrian importers, at a premium, and private compensation

agreements, by which Austrian exporters agree to accept schillings from their foreign clients instead of foreign currency. The compensation principle has also been embodied in a number of clearing agreements which Austria has concluded with neighboring countries during the past year. Thus an Austro-Rumanian clearing agreement, which went into effect in July, 1932, provides that balances of Austrian schillings held by Rumanian citizens may be applied to the payment of Austrian exports and of other debts, provided the Austrian creditor agrees to this procedure.

Both government control of foreign exchange and official quotation of the schilling at a fictitious rate which ignores its devaluation abroad have been attacked by Austrian industrialists and economists on the ground that they seriously hamper exports, now practically the only source of foreign exchange. The government is consequently urged to stabilize the schilling at its depreciated value and to remove exchange restrictions, without waiting for parallel action by Austria's neighbors. A similar course is dictated by the Lausanne Protocol of July 15, 1932, which, as a condition of a new international loan to Austria, provides that "Austrian monetary policy will aim at the abolition as soon as possible, subject to the necessary safeguards, of the difference between the internal and external value of the schilling, and, in consequence, at the progressive removal of the existing control over exchange transactions and the resulting obstructions to international trade."

While the Austrian National Bank, according to authoritative sources, favors stabilization of the schilling in the near future, the government fears that such action would completely undermine the confidence of the public, which vividly recalls post-war inflation, and might precipitate a financial panic. The removal of exchange restrictions is even more vigorously opposed in government circles,

where it is argued that Austria would then lose its last remnants of foreign exchange without materially increasing its exports.

The world crisis, by creating new barriers to Austrian trade, has strengthened the belief that Austria is unable to exist as an independent economic unit, and that only a customs union with one or more States offers a chance of survival. No agreement has been reached, however, as to the States with which such a union should be concluded. The French plan for a Danubian federation has met with a cold reception in Austria, where it is regarded as an impracticable scheme devised solely to consolidate France's political control over Central and Eastern Europe. The fiasco of the project for an Austro-German customs union which, in the opinion of a majority of the World Court, violated Austria's obligations under the Treaty of Saint-Germain and the Geneva Protocol of 1922, has dampened the government's interest in this particular solution of the country's economic problems. Moreover, the Lausanne Protocol, by prolonging for twenty years the terms of the Geneva Protocol, in which Austria undertook to abstain from any economic or financial engagement "calculated to compromise its independence," prevents the renewal of Austro-German negotiations in the near future. Finally, while both the Christian Socialists, who control the government, and their principal opponents, the Social Democrats, continue to pay lip-service to Austro-German customs union, they feel little enthusiasm for economic rapprochement with the Reich now that nationalism and fascism are in the ascendant in Germany.

The decline of foreign trade, with a consequent drop in customs receipts, has dealt a severe blow to Austria's already strained finances. The 1931 budget closed with a deficit of over \$42,000,000, and a further deficit in

1932 can be avoided only by some miracle. In the Lausanne Protocol, however, Austria undertook to make every effort to balance the budget by "further permanent economies." These economies, according to Austria's foreign advisers, should be effected by a reform of unemployment insurance and a reorganization of the Federal Railways—the two principal drains on the national budget.

Unemployment, a chronic phenomenon in Austria since the war, has risen during the past two years, and it is now estimated that every twelfth Austrian is out of work. Nearly 400,000 are receiving unemployment benefits, while some 16,000 have been thrown back on their own resources. Contributions by workers and employers have not been sufficient to meet the mounting cost of unemployment relief, with the result that the Federal Government has been obliged to contribute about \$17,640,000 for this purpose. Reduction of unemployment benefits paid to workers and employees is urged as the only method of checking this increase in State expenditure. The Social Democrats, however, vigorously oppose any reduction and argue that the cost should be covered by an increase in the income tax and a cut in army and police appropriations.

The situation of the Federal Railways is also alarming. The annual railway deficit, which in 1931 amounted to \$10,820,000, was only in part the result of the decline in traffic receipts. The chief difficulties may be traced to two causes—inefficient administration, involving unnecessary expenditure and red tape, and the high cost of pensions paid to employees whom the railways were forced to dismiss after the break-up of the Austro-Hungarian Empire. In a report presented in May, 1932, Dr. Herold, the government's Swiss railway adviser, outlined a program of reforms which would transfer certain financial burdens from the budget of the railways to State and local budgets and would reduce expenditure by methods ranging from

the application of the eight-hour day to savings in the purchase of materials. The principal economies, however, would be effected by a further reduction of the staff and a decrease in pensions. While the Austrian Government, by the Lausanne Protocol, has undertaken to carry out this program without delay, the Social Democrats are opposed to any measures that threaten to increase unemployment or lower the standard of living of railway employees.

Austria's financial position was further weakened in the Spring of 1931 when the government, fearing that the collapse of the Creditanstalt would provoke panic at home and abroad, guaranteed practically all the liabilities of the bank, including the claims of its foreign creditors, which totaled \$63,000,000. Dr. van Hengel, the Dutch adviser of the Creditanstalt, at first attempted to free the bank of all obligations by converting its total debt to foreign creditors and the major part of its \$95,200,000 debt to the National Bank into a State debt to be repaid over a period of years. The government, however, categorically refused to shoulder this burden. Negotiations now in progress with foreign creditors propose repayment of their claims in three forms—shares of the reorganized Creditanstalt, shares of a neutral holding company formed with the bank's foreign assets and annuities to be paid by the government.

The guaranteed twenty-year loan of \$42,000,000 which Austria is to receive under the Lausanne Protocol cannot materially alleviate the country's economic situation. Even if the full amount of the loan is raised by the participating countries—France, Great Britain, Italy, Czechoslovakia, Switzerland, Holland, Belgium and Spain—little or no money will come directly to Austria. The main purpose of the loan is not to rehabilitate Austrian economy but to facilitate repayment of some of the country's foreign obligations. Thus about \$28,000,000 is

to be used to repay credits granted in 1931 by Great Britain and the Bank for International Settlements, and the balance is to be assigned for the payment of arrears on foreign debts which have accumulated since the establishment of the transfer moratorium in July, 1932, and which will total \$20,720,000 by the end of this year. The inadequacy of the loan and the onerous conditions imposed by the Lausanne Protocol, which was passed by the Austrian Parliament by a majority of only one vote, have been denounced by all parties. Nevertheless, it is generally recognized that the loan was sorely needed to give Austria a breathing-space.

It is doubtful, however, that this breathing-space is sufficient to set Austria's house in order. The international economic conferences which have followed in quick succession during the past few years have created the hope in Austria that "something will turn up," and have discouraged attempts at internal readjustment. Moreover, Austria has acquired the habit of turning to the League of Nations for aid and advice in moments of crisis, with the result that it now has as many foreign advisers as a backward Oriental country—with a League representative, Rost van Tonningen, a Dutch adviser in the Creditanstalt, a French adviser in the National Bank and a Swiss adviser for the Federal Railways—all of whom draw handsome salaries from the Austrian Government and are unable to agree on a program that would put the country on its feet.

For this situation the Austrian character and the profound cleavage between Christian Socialists and Social Democrats are in part responsible. Light-hearted and good-natured, the Austrian is more interested in music and art than in politics, and is probably the least nationalistic of the European peoples. Ever ready, over his cup of coffee, to denounce the government for cowardice and inefficiency, he



lacks the energy to remedy the existing system. Largely as a result of this political indifference, the party alignment has undergone little change since the war. The conservative and Catholic Christian Socialists, entrenched in the provinces, have almost continuously controlled the federal government; their policy, both at home and abroad, has been favorable to the interests of the peasants, in spite of the fact that the country is 60 per cent industrial. The death of Mgr. Seipel, the most distinguished figure in Austrian politics, has deprived the party of leadership at a critical moment. The present Cabinet, headed by Chancellor Dollfuss, is fitted neither by training nor experience for the herculean task of economic reconstruction.

In contrast to the provinces, Vienna, which contains one-third of the country's population, is ruled by the Social Democrats, who represent the interest of workers and intellectuals. The Social Democrats, ably led by Otto Bauer and Karl Renner, though the most radical Socialist party in Europe, remain bitterly opposed to communism. It is a tribute to the party that, in a period of acute economic crisis, it has succeeded in keeping up the morale of the workers by notable social improvements, such as housing, without encouraging violence and extremism. The gradual socialization of Vienna, effected chiefly at the expense of industry by means of drastic taxes, may be taken as an indication of the policy which the party would follow if it should obtain control of the federal government. While the Social Democrats are probably the most resourceful and progressive party in Austria, their prospects are distinctly limited by the fact that they enjoy practically no following outside Vienna.

The power of both Christian Social-

ists and Social Democrats has been recently challenged by Hitlerism, which threatens to swallow up the small conservative parties—the Economic party, formed by the late Dr. Schober; the Pan-Germans and the *Heimabund*. The Hitlerites, as yet unrepresented in the Austrian Parliament, draw their adherents mainly from the lower bourgeoisie—shopkeepers and government employes—and take their orders direct from Munich. The Austrian Hitlerite program, which is even vaguer and more heterogeneous than that of the German Nazis, is bitterly anti-Semitic and is directed principally against socialism. The conflict between Hitlerism and socialism, both of which are essentially opposed to the liberal bourgeois State, is all the more dangerous because of the existence of three party militias—the Hitlerite Brown Shirts, the Socialist *Schutzbund* and the reactionary *Heimwehr*, which in 1929 staged an unsuccessful *putsch* against “Red Vienna.”

The limitation of Austria's resources and its peculiar dependence on foreign trade must hamper all attempts at fundamental internal reform as long as Europe remains shackled by tariffs and exchange restrictions. Revision of the peace treaties, which might enlarge Austria's internal market, is not only impracticable in a period of sharpened nationalism, but perhaps undesirable. Economic self-sufficiency, while not inconceivable as a last resort, could be achieved only by lowering the Austrian standard of living to a pre-industrial level. Austria's only hope is that its neighbors will be driven by sheer necessity to lower their tariff walls and that Vienna may then again become the middleman of Central and Eastern Europe, a function for which it is admirably equipped by its geographical position.

# The Rebel Mood in Literature

By JOHN COURNOS

[Mr. Cournos is a novelist, poet, playwright and literary critic. He is a frequent contributor to periodicals here and abroad and is the author of the recently published novel *The Devil Is an English Gentleman*.]

OUT of the welter of currents and cross-currents in contemporary literature emerge two important tendencies. One is the association of literature with life; the other is an intense dissatisfaction with a life which writers and artists recognized as socially bankrupt long before the World War revealed the full extent of that bankruptcy. The World War may have been directly the result of secret treaties, of the intrigues of diplomats, of commercial greed; in a larger sense—and that is what creative minds grasped—it was only incidental to the general processes of social disintegration.

The artist found himself poised on the horns of a dilemma: he wanted to make himself a part of life, yet could not accept the life he found. Consciously or unconsciously, he set about attacking all virtues which fall loosely under the general term of "bourgeois," or "middle class." It is not within the purpose of this study to define these virtues, which are, in any event, characteristic of an industrial society.

The late Arnold Bennett, in spite of undeniable gifts, is a perfect example of the "bourgeois" writer, and his recently published *Journal*, covering the years 1896-1910, is for that reason a revealing document. He cites repeatedly and insistently the number of words written and the amount of money earned and to be earned, with summaries of results attained at the end of the year; all very much in the manner of a merchant keeping the books of his trade rather than of a

serious writer who regards his art in the light of a sanctified calling. There are, to be sure, other things in the *Journal*—the tittle-tattle of the time and the occasional—very occasional—interpolations with regard to the craft of writing, but from the standpoint of "efficiency," which Bennett held to be a cardinal virtue. Even more rare are the references to the art of living, which again is a matter of efficiency: "Clumsiness in living is what I scorn."

What of his interest in humanity? We have, perhaps, the right to ask this question about a serious writer. And we have this answer: "Love of justice, more than outraged sensibility of suffering and cruelty, prompts me to support social reforms. I can and do look at suffering with scientific (artistic) coldness. I do not care. I am above it." But this is the sort of thing which the literary rebel cannot understand in a writer. Even the isolated remark that the "essential characteristic of the really great novelist is a Christlike, all-embracing compassion" is discounted on reflection. After all, what the author means is compassion as a part of the technical equipment of a writer, and not at all as a virtue in itself from which the novelist derives his urge to write and to act, with the object of effecting social change, of radically modifying the treatment of human beings by one another.

In considering the changed temper of writers of our day, a document such as Arnold Bennett's assumes added importance, since it not only gives complete expression to the so-called bourgeois attitude in a writer but also because it thereby furnishes the point

of departure for the writer who is in revolt against this attitude of comfort, of complacency, of satisfaction with things as they are. But the older writers of the bourgeois world were not by any means united—that, too, being an indication of social disintegration.

The heyday of Bennett was also that of H. G. Wells, the Wells of *Kipps* and *Mr. Polly*, not the later Wells who was to confess to Lunacharsky that as "a serious writer" he acknowledged the tremendous importance of propaganda "by means of art" and asserted that only non-serious artists are pre-occupied solely with "giving form to the thoughts and feelings of their readers." Such productions, Wells added, have no other value than to give "immediate pleasure," the pleasure of "merely aesthetic art."

It was also the period of Thomas Hardy, the "modern Aeschylus," summoning out of eternity the dark fates which dog man's footsteps; of George Meredith, who portrayed contemporary social failings in terms of comedy, in scenes always retaining the pictorial sense, never—not even in his idealizations of women—lowering his art to preach; of Rudyard Kipling, who spun exciting patterns on the rug of empire, patterns to be remembered for themselves—no one cares now what they were meant to glorify; of J. M. Synge, the Irishman, who attained in the sheer poetical beauty of dramatic dialogue the level of Elizabethan poetry; of Joseph Conrad, who made it his primary duty "to tell a story," with an incidental tribute to "loyalty" which adds but little to his art. And, of course, there was Shaw, the one confessed propagandist, whose preachments were somehow overlooked in his art and whose windy prefaces to his plays were read—if read at all—for pure diversion. I have almost forgotten George Moore, survivor of the so-called gay nineties, who still writes as if there were never a "problem" in this world.

Standing apart from these were the men of the same period—the aesthetes of *Yellow Book* fame, such as Edward Dowson, Aubrey Beardsley and Arthur Symonds—who swore by Walter Pater and his celebrated dictum about the arts "tending toward the condition of music." The movement received its quietus in the Wilde trial and the Boer War. That war, like all others, did not pass without affecting the arts; it killed Bohemia and gave a new direction to literature. Social problems and social criticism became the order of the day in plays and novels. Men like Galsworthy and Chesterton and Shaw, all social critics, came to the fore; and Wells was still in the incipient stages of propagandist art.

While Hardy sought "escape" in the Greek tragic formula of the workings of the inevitable fates, while the aesthetes sought it in hashish, opium and fantasies of obscure beauty, while the social-conscious critics sought it in interpreting or attacking the social order, men like Bennett, to use an apt epigram of Oscar Wilde, overcame temptation by yielding to it. Not for nothing did they count their words; words were money; the year's total of words made so many articles, so many books. "Till the end of 1899," wrote Bennett in the Autumn of the previous year, "I propose to give myself to writing the sort of fiction that sells itself."

Can it be denied that there is an air of smugness about the statements quoted, expressive of the worst features of the Victorian age? The little Bennetts, the "machines" of literature, indeed became legion on both sides of the Atlantic, filling the land with what Edward J. O'Brien calls the "formula story," vying with the canned arts like the moving picture, responding to the law of supply and demand and furnishing opiates for the millions caught in the social impasse and its attendant tedium. Literature became a manufactured product, like any other; it entered the lists of "mass production."

Inevitably, at the same time, interpreters arose in opposition. Their interpretations, with a few blunt exceptions, conveyed their implied criticism of society. Karl Marx's dictum, "Up to now the philosophers have only been interpreting the world; now it is a question of changing it," bade fair to become a prophecy, though by no means did those of our novelists and dramatists who could pretend to being philosophers advocate the specific social changes advocated by the author of *Das Kapital*. The bourgeois writers themselves were the first to evince a desire for change. Flaubert may have wished to write a "perfect" novel in *Madame Bovary*, and though it is a perfect novel, actually he produced, without an iota of propaganda, an indictment of the social order in which such tedium as he described is possible. Maupassant's *Boule de Suif* is likewise a perfect story, a work of art against which the charge of propaganda would be preposterous, but does it not, for all that, contain seeds of revolt against a society which can countenance such unfairness and lack of justice? In the Marxian sense, works like these are "interpretations"; admittedly, the social conditions they describe are intolerable. Once this fact is made clear it falls to the artist to attempt to change them.

Socialism was the last thing in the minds of the great "bourgeois" writers, who were anarchic rather than socialistic in tendency. If they were socialistic their socialism sprang from aesthetic or Christian ideas; economic factors, if considered, were always secondary. Instead of a general direction, there was a series of directions, each in conflict with the other. All sorts of panaceas were urged—aesthetic paradises, destruction of machinery, Merrie England, guilds, medievalism, evolutionary socialism and what not.

Yet the rising tide of social revolt was everywhere in evidence, and involved moral as well as economic

problems. For more than a generation Tolstoy had been interpreting the Gospels in modern terms and had put the simple Russian peasant and folk art on a pedestal. Simultaneously, Nietzsche projected into the world his idea of the superman. Ibsen tore the mask of convention from mankind, exposing human frailties, hypocrisies and vulnerable sex relations. Then Freud released a whole secret world of "complexes"—the explosive elements in the human subconscious which are capable of creating havoc when the repressive become the expressive—and gave rise to a whole literature of revolutionary character.

All these forces came from the bourgeoisie, and, whatever their differences, they were all united against the bourgeoisie. Concurrently, the famous *Communist Manifesto* of Marx and Engels was working quietly if efficiently in the lower strata, infecting proletarian writers with ideas for the destruction of the bourgeoisie. Could there be safety for the bourgeoisie in a world in which they had enemies within as well as without?

The rise of revolutionary literature has followed the Marxian law—first interpretation, then change. How well is the dictum illustrated in the chronology of Russian literature—first Chekhov, then Gorky. Chekhov was an artist, the most objective, the most perfect interpreter of the Russian bourgeoisie. But Gorky, with his *bosiaks* (barefoot men), his hooligans and his rebels against society, splashed Chekhov's gray world with red. "We'll have none of it!" they said in effect. "*Naplevat!*" "We spit upon it!"—a popular Russian expression. The most astonishing thing—what a reflection it was on the tedium of their world!—the bourgeoisie opened their arms to these literary rebels, devouring the stories about the Konovalovs and Malvas and Chelkashes, and crowding with enthusiasm the performances of *The Lower*



*Depths*, scarcely realizing, as Nemirovitch-Dantchenko, Stanislavsky's co-director in the Moscow Art Theatre, points out in his as yet unpublished memoirs that here were the seeds of their own destruction and that they were applauding their own doom.

Concurrently, the United States, though behind Europe in social consciousness and in the spirit of revolt from which it arose, was producing novelists who were the first in a line which led eventually to Sherwood Anderson, Sinclair Lewis, Theodore Dreiser and John Dos Passos. There were Frank Norris writing his wheat "epics," David Graham Phillips depicting the social strata—Frank Norris called him "the American Balzac"—O. Henry paying his tribute to the submerged "Four Million" (this quantitative factor is very important in the literature of social revolt). There was also Jack London, who, had conditions permitted him, might have been the American Gorky, but who, in any event, was an incipient rebel, and who, it is curious to note, gained greater popularity in Russia than any other American writer with the possible exception of O. Henry.

And, of course, there was—and still is—Upton Sinclair, who was among the first to use fiction as deliberate propaganda. His is the ardor and aspiration of a Tolstoy, but he lacks the Russian's genius; it is an open question how many have been moved to social revolt by his books. In his artistry Sinclair is third-rate, and it may be taken as an axiom that a human being is moved to emulation only in proportion to the artistic power with which a teacher expresses himself. It is not enough to aspire to the rôle of "a novelist of social contrasts," and Sinclair's admission that he became a prohibitionist because his father drank is surely not the sort of thing to entitle him to consideration as a serious thinker. Inhibitions do not help an artist, since they stand in

the way of truth and a free expression of truth; distortion of truth can be the only result.

The war provided a lull in the activities of artists grown social-conscious; the spectacle of men, having no real grudge against each other, slaying one another, was appalling; and, after all, one does not talk of how one would build a new house when the old one is on fire. Only solitary voices here and there—"above the battle"—protested against the deliberate devastation and fratricide. Such a voice was that of Romain Rolland, who had previously been calling for "heroes" and "heroic action" as a way out of the social impasse and had already noted that "Europe resembled a huge armed vigil."

To social reformers the defection of international socialism to the patriotic demands of the nations had the appearance of a defeat. Revolutionaries like Lenin and Trotsky, however, saw in the disintegration of war a heaven-sent opportunity to further the revolutionary movement. This fact must be borne in mind, for it presented a situation analogous to that in which all anti-bourgeois literature was ultimately to find itself.

In the domain of economics the doctrine of "dialectic materialism," which the Communist leaders make so much of, does not imply that capitalism shall be literally destroyed, but that its products shall be taken over and converted to the uses of a Communist State. There is power and strength in single-mindedness. The single-mindedness of the Bolshevik leaders killed all parties engaged in social revolt, killed all panaceas proposed by eminent individuals and provided a single panacea, a single tendency, a single direction. Direction was what all former socially dissatisfied elements lacked. Bolshevism did more than this; it killed the individual by associating his interests with those of the mass, and it openly declared its acceptance of the industrial, me-

chanical civilization established by capitalism, merely altering its social aims but not its technical methods. Indeed, from its very inception, Bolshevism has seen in the machine the god and the servant of man. Would it not provide men with bread, and with leisure for other things besides bread? And would not all men, meeting in machine shops and in communal kitchens, become brothers? What could the tragedy of an individual mean to this new brotherhood? "Tragedy based on detached personal passions," asserted Trotsky, "is too flat for our day. Why? Because we live in a period of social passions."

For good or evil, these things were radically to change serious literature in all countries which were agitated by grave social problems. Naturally, an event like the Russian Revolution could not pass without repercussions elsewhere. The precise nature of the shock has been dictated by local conditions. Thus, in Russia, where the revolution is an established fact, creative literature is chiefly concerned with the struggle for "reconstruction"; whereas in America, let us say, the efforts of creative writers, like Dreiser, Michael Gold and Dos Passos, are still centred on interpretation, but already, in line with the theory of "dialectic materialism," projecting the idea of future revolt. It is for reasons like these that Mary Heaton Vorse's novel *Strike* was received with acclaim in Russia; the Soviet ideologists saw in this work the harbinger of revolutionary Spring in America.

Does the same deduction always follow a given premise? To accept such a conclusion would be to ignore the character and temperament of the people in question. To start with, we cannot ignore the essentially communistic nature of the Russian people, which accords least of all with the Anglo-Saxon temperament. The adage, "An Englishman's home is his castle," strikes deep into the roots of the race. It implies not only a respect for per-

sonal property but also that the Englishman will defend it against the assaults of the enemy. Respect for property is presumably a bourgeois trait; is, indeed, at the bottom of the whole so-called bourgeois conception of life. Thus an anomaly has been produced, and the Communist ideologist looks askance, not to say with astonishment, at the spectacle of English war novelists—Richard Aldington, author of *Death of a Hero*, is a notable example—virulently attacking the bourgeoisie and yet refraining from joining the Communist party! But half a loaf is better than none, and he cannot conceal his satisfaction at the sheer distintegrating power wielded by bourgeois writers who attack the bourgeoisie.

If literature is the reflection and the criticism of life that it is presumed to be, then a work like Joyce's *Ulysses* has its justification, precisely because it "marks a more advanced stage of psychic disintegration than anything that has come down to us from classical antiquity"—the reason Professor Irving Babbitt gives for condemning it. Is the *Satyricon* of Petronius to be condemned because it gives us an accurate picture of life in the process of decline? Wyndham Lewis's *The Apes of God*, with its scathing satire on the intelligentsia—Higher Bohemia he calls it—presents a not dissimilar picture; instead of attacking it, the only decent thing a fair-minded moralist can say is, "Do not blame the mirror if your face is crooked!" For future generations such a work is invaluable and, like all authentic works of fiction, in that it presents the background of an age, it is a work of importance which no future historian writing of this age will be in a position to ignore.

The literature "which combines excellence of form with soundness of substance" and which includes the "humanistic virtues" of "moderation, common sense and decency"—all of which Professor Babbitt demands of creative literature—is impossible in

our day, and would be an anachronism if it were not; the disintegration which Professor Babbitt sees in modern literature has its source in life.

The "perfect" poet has no alternative but to retire; indeed, one hears that the great German poet, Stefan Georg, whose pre-war lyrics have been compared to white marble, perfectly fashioned, has retired to the solitude of the Swiss mountains. But Ernst Toller, Georg Kaiser, Thomas Mann and Heinrich Mann are in the fray. Thomas Mann is struggling to save the best of the Old World and to find some point of reconciliation with the New. His novel, *The Magic Mountain*, is an immense symbol of the sick world in which he was born, a magnificent world, yet sapping the strength of youth which has still its life to live. Heinrich, Thomas Mann's older brother, has solved his problem more easily in his own way by swinging to the "left" and avoiding compromise. Barbusse has joined the Communist party; so have Bernard Shaw and Romain Rolland. In Spain a whole school of writers has arisen, whose one ostensible object is to attack superstition and social abuses. Unamuno, that valiant fighter, man "of flesh and bones," on being urged to return to the writing of poems and novels, replied: "As if politics were any different from writing poems, and as if writing poetry were not another form of politics!" On the day Anatole France died, the younger writers took the opportunity to issue a manifesto, in which one of them summed up the reason for their revolt in a single phrase, "He is a vase—empty."

In America the publication of *Main Street* was a landmark, because it called the attention of the thousands to the bourgeois tedium of their lives; but the work, in the opinion of Russian critics, is vitiated by its concluding compromise, as is also the more

admirable *Babbitt*. The only really revolutionary creative writer in America is John Dos Passos, not because he voices social revolt, not because he has actually joined the Communist party, but mainly because he has hammered out a new style more consistent than any that has gone before with the new social ideas, in the Marxian sense, agitating the age. He has, in the first place, abandoned literary language, which has been so essential a characteristic of bourgeois literature; he has got down to the language of the people, the many, a fundamental necessity of authentic proletarian art, though, oddly enough, he counts his readers among the intelligentsia rather than among the masses. Again, he has wholeheartedly accepted the function of machinery; no art thrives better in Russia today than the cinema; the mechanical art is quite in line with the main doctrines of the Marxist State, which stresses the liberating functions of machinery; hence, the Camera Eye and the Newsreel and the portraits of contemporaries, which at intervals, in his latest novel, break the narrative and provide a running commentary on the age and its social delinquencies.

Here propaganda has arrogated to itself the appearance of art; propaganda has become creative. Professor Babbitt may call Dos Passos's "1919," as he has called *Manhattan Transfer*, "a literary nightmare"; but there can be no question that the author has caught something of the mood of his age, and, instead of abusing him, it behooves his critics, in a spirit of cool investigation, to examine these conditions of life which, instead of producing an Aeschylus, have made a Dos Passos possible. Is life the beautiful Greek dream, a thing of decorum and balance; or is it a nightmare, troubling the bones and the marrow of men? The horror which Dostoevsky saw becomes incarnated in the future, and that future is today.

# Europe's Anti-Soviet Barrier

By ROBERT MACHRAY

[Mr. Machray for many years has been a student of the nations of northeastern and central Europe. Two years ago he published his study entitled *The Little Entente* and more recently has appeared his work, *Poland, 1914-1931*. The present article is based upon observations and study in the Baltic States during the past Summer.]

IN the high politics of the post-war world the boundary line that separates the Soviet Union from the chain of "Border" States stretching from the Baltic to the Black Sea forms a frontier of incalculable importance. These States, from north to south, are Finland, Estonia, Latvia, Poland and Rumania.

The first three are Baltic States, though Finland also has affinities with the Scandinavian group—Sweden, Norway and Denmark. Poland is a Baltic State, too, but the mass of her territory marches with the Soviet frontier for 850 miles until it reaches Rumania, a Black Sea State, which makes the chain of the border States complete. Lithuania is a Baltic State, but not a border State. The Baltic States on the international boundary are small and relatively unimportant politically, but Poland is a great and growing State, while Rumania has a large and rich area. The five countries together have a population of 60,000,000, and the strength of their armed forces is not exaggerated if put at 2,000,000 men. In the view of not a few observers these States were regarded as "barrier" as well as border States. This rôle was assigned particularly to Poland by Lord D'Abernon, who called that country "the barrier to the everlasting peril of an Asiatic invasion." Recent events in the Far East and the

pressure generally of Japanese expansion on the Soviet Union have suggested in some quarters, however, that these States are not content with remaining on the defensive and contemplate aggressive action against Soviet Russia on the west while Japan assails it on the east.

A great deal has happened since my last visit when I reached the conclusion that "all the States have made good, having already a record of considerable attainment in political organization and economic development." (See *CURRENT HISTORY*, March, 1929, page 955.) Apart from the world-wide economic depression, the three things that concerned these States most were the working out of the Soviet Five-Year Plan, the passionate and inflexible movement of Japan toward supremacy in the Far East and the convulsive struggle of Germany to get on her feet again. There were also minor questions—the prospects for a Baltic League, Danzig and the development of Gdynia.

The most surprising change in attitude lies in the fact that the Baltic border States, Finland, Estonia and Latvia, have completely lost their fear of the Soviet Union. It had been a very real fear, and there were sufficient grounds for it. Finland had felt it least perhaps, but even she had quailed at the might of Soviet Russia. To what great power could she have looked for help? The same question had disturbed Estonia and Latvia; for some years fear of the Soviet had almost been an obsession with them. But today they are no longer afraid. To understand their great psychological change one must recall the past relations of these States with Russia.



Finland, Estonia and Latvia, which formed part of the Russian Empire before the World War, proclaimed their independence in 1917-18. Finland was the first, but civil war followed between the Whites and the Reds, and it was only with German aid that the Whites triumphed. Till well into 1920 Finland was in a state of war with Russia, though actual hostilities had ceased. In Estonia and Latvia the Communists were finally driven out in 1919 after heavy fighting. Early in 1920 Estonia concluded a peace treaty with the Soviet Union and a similar course was taken by the other Baltic States later in the same year. Indirectly peace was further consolidated between these States and the Soviet Union by the great Polish victories over the Bolsheviks in August and September of 1920, and the Treaty of Riga in 1921. For a time the Russians were inactive, but it was not long before they began a campaign, largely underground, for the overthrow of the governments of Estonia and Latvia. These activities came into the open on Dec. 1, 1924, when the Communists made a big, but unsuccessful, attempt at Tallinn (Reval) to overthrow the Estonian government and establish a Soviet régime. It was a *putsch* of some magnitude; 200 Communists were executed after it was put down.

Shortly after this affair Poland, Finland, Estonia and Latvia held a conference at Helsingfors, Lithuania being an absentee because of Vilna. It was the eighth time these States had conferred, but nothing quite so alarming had occupied their attention before. On this occasion the question of their security was discussed, and they agreed on the importance of acting together in all matters affecting it. Although they signed a treaty of conciliation and arbitration, they did not establish a Baltic League. Meierovitch, the Latvian representative, strongly favored such a union, but Finland's opposition could not be overcome. At that time belief was gen-



Soviet Russia's European Frontier

eral on the Continent that the Geneva protocol would be adopted, and it was not till several months later that it was killed by British objections. Next came what may be called the period of non-aggression treaties, arbitration treaties and the Pact of Paris; it may be recalled that at Geneva Poland carried a resolution which anticipated the last-named instrument. It was also the period which saw the inception of the Soviet Five-Year Plan.

In February, 1928, Estonia, while celebrating the tenth year of her independence, issued a statement which contained the following: "Estonia and the other Baltic States have during the last years tried to strengthen their relations with Russia by separate negotiations for non-aggression and arbitration treaties, but so far these have not shown any results, as Russia does not recognize neutral

chairmanship and the obligations of the Baltic States toward the League of Nations." It was not the fault of these States that the negotiations were futile, but of the Soviet Union, as is proved by the fact that the non-aggression treaties concluded by the States and the Soviet Union during the last few months are of such a nature as to be acceptable to the former. In 1928-29 when the Litvinov protocol was brought forward it had extremely important repercussions. The protocol embodied a Russian proposal for the coming into force immediately of the pact for the renunciation of war; it was submitted to Poland and Lithuania. Poland expressed surprise that it had not also been put before Finland, Estonia, Latvia and Rumania, which, unlike Lithuania, had common frontiers with the Soviet. In this matter Poland intimated that she desired to act with the friendly Baltic States and with her ally, Rumania. In other words, the border States were to be reckoned a unity from the Baltic to the Black Sea in negotiations with Russia.

This public intimation, made by M. Zaleski, Polish Foreign Minister, in January, 1929, was perhaps the first with regard to the community of interest that existed among the border States in relation to Soviet Russia. At the Helsingfors conference referred to above the main topic was security. There was already a defensive treaty between Estonia and Latvia which had been signed as far back as 1923. It is reasonable to suppose that this meant cooperation between the general staffs of their armies, and it is equally reasonable to conclude that cooperation of some kind began shortly after the Helsingfors conference between their general staffs and those of Finland and Poland. Poland probably linked up more closely with Rumania, giving added force to their alliance by the treaty of 1926, by which these two States undertook "reciprocally to respect and maintain against all aggression their territorial integrity

and present political independence."

"Against all aggression" are the key words. There is, however, no alliance of the border States; no treaty or other agreement, but there is an understanding. In fact, it has existed for some years, though not without occasional interruptions, as when relations between Poland and Latvia became strained early in 1931 over a national minority question. What it amounts to is that the general staffs of Finland, Estonia, Latvia, Poland and Rumania keep in touch with each other and pass on the information any one of them obtains to the others. Thus, no great movement or concentration of Soviet troops takes place anywhere near the frontier from the Baltic to the Black Sea without its being made known as soon as possible to the State or States concerned. The sole object in view is defense. There is no reason to see in it, as is being alleged, any idea of combined aggressive action against the Soviet Union. What they want is nothing more or less than a lasting peace, and this is as true of Poland as of Estonia, of the largest as of the smallest.

Undoubtedly the cooperation of the border States gave them all a certain feeling of security; at least they could not be caught unprepared. But it is not this that has produced the change in the mental attitude of the Baltic States toward the Soviet Union. Nor has it anything to do with their economic position. In the early years after the war the Soviet government worried and intimidated Estonia and Latvia by playing them against each other for its transit traffic. In the old days Reval, Riga and Libau were the terminals of the trunk railways from Petrograd, Moscow and even further south. These ports waxed fat on the Russian trade which they hoped they would continue to enjoy. To that end they granted every facility to the Russians and quoted very low rates on their railways for goods in transit from the frontier to the sea or vice versa. The Russians used this

traffic for political purposes. Latvia negotiated a commercial treaty with Moscow, and expected much from it; incidentally, it gave offense to Estonia and postponed the customs union which had been concluded with that State. Latvia did gain something from the treaty, but it was disappointingly little and was accompanied by directions which were implicit threats. Now even that small trade is disappearing.

As for the Soviet Five-Year Plan, the Baltic States have not been affected by it to any marked degree except by the dumping of lumber, grain and other commodities. A continuance of dumping by the Soviet Union might impart an economic complexion to the understanding, or whatever it may be termed among these States, but so far this has not been the case.

Why is it, then, that the Baltic border States have lost their fear of Soviet Russia? There is no secret about the matter. It is the pressure of Japan in the Far East that has produced and maintains this remarkable change. The new attitude became noticeable soon after Japan intervened in Manchuria and commenced the operations that ended in the creation of the State of Manchukuo. What counter-action would the Soviet Government take? China had been compelled to give way in regard to the Chinese Eastern Railway two years before when Soviet action had been prompt and decisive. China, of course, was a weak State and Japan was a first-class power with a highly trained army and navy backed by a martial people. But Soviet Russia was also a first-class power.

Yet when it came to the point Russia did little or nothing against Japan, and the Baltic border States concluded that the Russians were afraid of Japan. In the field they took no steps that would hinder the Japanese advance to the Siberian frontier. There were inflammatory articles in the Soviet press and Soviet diplomacy

was certainly active wherever it could gain an entrance. Furthermore, Russia was supported in large measure by the League of Nations, and could probably count on America almost to the limit. Russia seemed to be in an exceedingly strong position. But Japan, undismayed, went on with her program, while the Baltic border States, watching from the other side, were immensely impressed. Their own fear of Soviet Russia lessened and finally disappeared. In the present critical situation in the Far East Japan is not unmindful of these Baltic border States. Representatives of her general staff have visited Finland, and the Japanese Foreign Office sends direct from Tokyo across the world to the leading Helsingfors paper long prepaid cablegrams giving in full official declarations of policy, such as those of Count Uchida, the Japanese Foreign Minister, and of accounts of the course of events from the Japanese standpoint.

Speaking generally, there is in the Baltic and other border States a strong feeling of sympathy with Japan, the basis of which, however, is not any particular love for that country, but a very distinct and readily intelligible satisfaction with her opposition to the Soviet Union and with the strengthening of their own place in the world that is implicit in that opposition. They believe that, with Japan on their hands, the Russians will have quite enough to do.

Some observers have seen in the new non-aggression treaties between the Soviet Union and most of the border States, such as that ratified by Finland on July 7 and that signed by Poland on July 25, a reinforcement of the whole political situation of the Soviet Union. This is not the view of these States. While they are desirous of keeping the peace and are willing to conclude non-aggression pacts with the whole world, they look on these particular treaties as another confession of weakness on the part of the Russians. In any case, they are not

inclined to attach too great a value to any treaties whatsoever made by the Soviet government, for their past experience shows that it keeps them neither in spirit nor in letter. It may seem beyond belief, but it is a fact that the Soviet Union has never fully implemented any of the peace treaties it signed in 1920-21. The main reason why Poland found difficulty in signing a non-aggression treaty with her was the chronic bad faith of the Russians and not the Bessarabian question, as has sometimes been stated. To any one who knew the actual situation it was incredible that Pilsudski would consent to throw over Rumania. And when the pact signed on July 25 at Moscow was published it was obvious that the second and fourth articles, though they contained no mention of Rumania, implicitly maintained the Polish-Rumanian alliance. M. Zaleski stated that the pact made for the validity of all Poland's international engagements and could only reinforce the alliance, since the sole object of the pact was to render normal the relations between Poland and Soviet Russia. Normal relations with the Soviet Union are in fact the aim of all the border States.

With the remarkable change in the psychological attitude of Finland, Estonia and Latvia toward the Soviet Union, the project of a Baltic League, which was based on common defense against Soviet aggression, loses some of its appeal. There is no agitation for such a league. Finland continues to consider herself as "Scandinavian" rather than "Baltic," though her geographical position and historical associations suggest she is both, and therefore a natural bridge between the two groups of States. She has intimated, however, that she is not and cannot be indifferent to the political fate of Estonia and Latvia. In the economic domain a further step toward unity is evident in the partial carrying

out of the treaty for a customs union between Estonia and Latvia, in the increasing number of commodities free of duty and in the abolition of visas between them, as well as between them and Lithuania. These developments tend to strengthen the idea of a Baltic League on the political side, but its creation appears rather remote.

Germany is the second great pre-occupation in the whole region of the Baltic. In addition to the long stretch of Baltic coast—from Kiel to Memel—Germany in the old days had a close connection with Estonia and Latvia in the "Baltic Barons" and other Balts, who, though Russian subjects, were German in origin and sympathies. These States expropriated their barons and parceled their estates among the peasants, but they granted some compensation in land and in State interest-bearing bonds to the dispossessed, most of whom retired to Germany. Dissatisfied with this treatment, they continue to make their voices heard. These and other Baltic States still have strong trade connections with Germany. This means that Germany has abundant opportunities for propaganda, of which, one may be sure, she takes full advantage.

The aggressive attitude of the present rulers of Germany causes much uneasiness all along the Baltic, and the second chief impression given me by my tour was that Germany is an undoubted cause of unrest in that region. Memel is perhaps not very important; no one thinks of it as a "danger spot." But Danzig is important. At the end of July the situation there was certainly tense, but during August the strain relaxed, thanks to the good work of a League representative who settled two serious disputes between the Poles and the government of the Free City. Meanwhile, Gdynia grows at Danzig's expense.



# The New Woman in Japan

By DIANE O'CONNELL

A VAST change in the lives of Japanese women has taken place since the ancient classic *Onna Dai Gakku* ("The Greater Learning for Women") ranked filial piety as woman's chief virtue and obedience as her highest duty—obedience first to her parents and later to her husband and his parents, including the dreaded mother-in-law. Westernized education, altered social customs and the entry of women into professions, commerce and industry have been results of the modernization of Japan. In the short space of fifty years Japan has passed from the age of chivalry to the age of machinery, taking in a stride the transition to modern civilization which requires centuries to develop in other nations. It is this vast gap between feudalism and modernism which the Japanese woman has been called upon to bridge in a startlingly short space of time.

Even ten years ago there was hardly any free social mingling between men and women of the upper classes. The only exceptions were a few court and diplomatic functions in Tokyo to which foreigners were invited, and which were often a source of unintentional amusement to the foreign guests because the Japanese women were so unaccustomed to Western social usage. The secluded lives of the women of the upper classes were varied only by social visits to each other, a wedding, a funeral, an occasional theatre party, a flower-viewing picnic or temple festival. On the other hand, among women of the lower classes—peasants, coolies and small store keepers—it was often the wives who were heads of the households and who handled the finances. No greater contrast to

the gentle, dainty Japanese lady in a silken kimono could be imagined than the stalwart women who were pearl and shellfish divers, or who coaled ships at Nagasaki, or the sturdy, red-cheeked peasant girls planting rice fields, up to their knees in mud and water.

The geisha stands in a class by herself. Pretty, alluring and accomplished in singing and dancing, she is a paid entertainer of male guests at social functions. In some respects she corresponds to the Greek *hetaira*, has the social status of a night club hostess or a gold digging Broadway chorus girl, but should not be confused with the courtesan of the Yoshiwara, the licensed red light district, who is more like the Greek *porne*. Nevertheless some of the geisha have married men prominent in business or politics. Recently the popularity of the geisha has declined, partly because of Western education and greater social freedom among upper-class women, partly because of the higher cost of geisha entertainment, but even more because cafés and dance halls like those of Paris have become the vogue in the large cities. The dance hall hostesses have been nicknamed "taxi dancers" by their collegiate patrons. To meet this competition a school has recently been opened in Tokyo to teach American jazz dancing to the geisha girls.

According to the census of October, 1930, Tokyo, with a population of 2,070,529, is surpassed in size by Osaka, with 2,453,569 inhabitants. On April 16, 1930, Tokyo celebrated completion of its reconstruction program. after the fire and earthquake of 1923. The Westernization of these and other

large cities has made them a strange mixture of Orient and Occident, of ancient and modern. Girl office workers, saleswomen, telephone operators, teachers, nurses, factory workers and messenger girls throng the Ginza, a street which combines the allurements of Broadway and Fifth Avenue. They crowd into street cars and the new subway and hang precariously from straps in the big jolting buses, even as their Occidental sisters in New York. These buses, as large as the Fifth Avenue model, employ uniformed women as conductors. There are many women taxi drivers, and in the Tokyo Central Station a "Woman Post" receives and distributes messages from passengers to their friends.

There are numerous girl messengers in Tokyo, and an innovation on the express trains of the Hokkaido railway is the employment of "train girls," who supplement the service of the regular dining car waiters. Similar to the public stenographers of American cities are the girl copyists, who work in partnership, have their own offices and telephones, and are prepared to copy anything from a letter to a novel in beautifully drawn Chinese ideographs. Girl typists are also becoming more numerous as facilities for learning typewriting increase. Girl clerks wait on customers in the large department stores and girl operators in uniform run the elevators efficiently. There are even a few women's orchestras playing American jazz music on Occidental instruments. These women workers live in a dual civilization which does not strike them as incongruous, so accustomed are they to bizarre and exotic contrasts of East and West. A girl bus conductor or a clerk in one of Tokyo's newest skyscrapers of steel and concrete will board street car, bus or subway at night, bound for her home in a frail little native wooden house, the architecture of which has not changed for centuries.

The great industrial city of Japan

is not Tokyo but Osaka in the west, with its huge factories and smoking chimneys. Its stream of exports pours into the Western world through the port of Kobe, with its fine harbor and large docks. A government survey showed that Japan at the end of June, 1929, had a total of 4,831,815 workers, 3,254,364 male and 1,577,451 female. Out of an estimated total number of factory workers, 1,135,199 were male and 1,058,369 were female, 80 per cent of the women workers being employed in spinning and weaving mills. Women workers and children under 16 years of age are protected by laws passed in accordance with the provisions of the various international labor conferences created under the Treaty of Versailles.

Women have not as yet been granted full political suffrage by the Japanese Diet, although they take a keen interest in politics and indirectly exert great influence. The Imperial Diet in 1920-21 repealed the clause in Article V of the public peace and order police regulations, which prohibited women from attending or holding political meetings. There are now numerous women writers and lecturers on social and political problems, and in recent elections women speakers have been in great demand. Japan has five woman suffrage parties, two quite large; one of the most influential is the *Fusen-Renmei*, a conservative association without the radical tendencies of some of the others, such as the *Zenkoku Taishyuto*, the proletarian party. Miss Fusaye Ichikawa and Baroness Shizuye Ishimoto are among the most prominent woman suffrage leaders. Baroness Ishimoto is also a leading advocate of birth control.

A bill for women's citizen rights was introduced in the House of Representatives by Premier Hamaguchi's Government party on Feb. 5, 1931, and passed the lower house on Feb. 27. A part of the government's program of general revision of the election laws, the bill proposed giving feminine Japan the right to vote for and

to hold office in village, town and city assemblies. Definite promises were made that, if this step proved successful, women would eventually receive the right to vote for the forty-six prefectural assemblies and the House of Representatives and to hold office in those bodies on equal terms with men. Although the Minseito party succeeded in passing the measure through the lower house by a large majority, the bill was defeated in the House of Peers. The census of October, 1930, showed that there are 13,563,813 women and 13,730,000 men of voting age in Japan. The total population of Japan proper is 64,450,005—32,390,155 males and 32,059,850 females. The numbers of the voters of both sexes are very close, and fears have been expressed that the women might outvote the men, as Japanese women are very much in earnest and serious-minded about political affairs.

Marriages are still a matter of arrangement by the parents of bride and groom through an intermediary and are solemnly debated in family council as to their suitability. The personal wishes of the young couple, once never consulted, are today taken into account, but love does not enter into the contract. As there is no love-making or courtship in the Western sense before marriage, the love and devotion of a man are centred upon his mother instead of on his wife. As a result the subtle power and influence wielded by a mother over her married son and his household are incalculable. Divorce was formerly so easy that a man could secure his freedom on a mere whim. All that was needed was a declaration of his intention and the obtaining of the approval of the family council. The wife's name was removed from her husband's family in the government register and replaced on that of her own family—to whom she was sent back in disgrace. Women now have the advantage of legal protection. If they consider themselves wronged and

unjustly treated by their husbands, they can institute suit for divorce in the law courts, demand and be awarded alimony. Recently even actions for breach of promise to marry have been brought before the courts.

At present the spirit of the people tends toward extreme realism; a skeptical, "debunking" attitude is taking the place of the former aestheticism and idealism. The whole national interest is now concentrated upon social and economic survival. Hitherto the highest conception of virtue in the old morality—in fact, the fabric of the whole national life—was based on filial piety, culminating in devotion to the semi-divine person of the Emperor and the divine ancestors. This tends to explain the intense patriotism and loyalty of the Japanese nation.

The change from feudalism to modernism is reflected in the country's literature. A vogue for Russian proletarian and socialistic literature has been sweeping over Japan, invading even the pages of the women's and general family magazines. At the same time came a wave of eroticism and new ideas of sexual morality have weakened the old virtues and caused much confusion. The Proletarian Literary Movement, a group organized in 1929, numbers among its leaders Miss Taiko Hirabayashi and Miss Takako Nakamoto. Both women are Reds; Miss Hirabayashi has visited Russia and is an avowed Communist. Among the Japanese literati, Mrs. K. Yamaoka, wife of the noted Communist leader and herself a Communist, is the most prominent woman writer on social and political affairs. Another radical among the proletarian group of writers is the novelist, Miss Chujo, who is a Red, but not an outright Communist. In the fields of drama, music and painting, there are now many talented young women artists. The teaching and nursing professions were among the first fields entered by women, and there are now numerous woman doctors and dentists. In

1930 the highest degree in medicine, that of *Igaku Hakushi*, was bestowed for the first time upon a woman, Dr. Kokoye Nishimura.

Two birth control clinics have recently been established in Osaka, and there is a Japan Birth Control Association. The first clinic was opened in April, 1930, under the direction of Mrs. Urako Shibahara. The *Zenkoku Taishyuto* (proletarian suffrage society) is supporting the second clinic, opened on Nov. 4, 1930, as the embodiment of one of its aims—legalized birth control.

The facilities for secondary and higher education for girls are not equal to those for boys. The first school for girls in Japan was the Ferris School in Yokohama, established by missionaries in 1870. A few months later a similar school was opened in Tokyo and the first government school for girls was opened in 1872 upon the establishment of a public school system in Japan on Western lines. Later, secondary schools were established until now there are 857. At present the highest government educational institutions for girls are the Tokyo and Nara higher normal colleges for women. Missionary societies established the Woman's Christian College of Tokyo, the Kobe Women's College and the Doshisha Women's College. There are, however, two colleges in Tokyo—the Tsuda English College and the Woman's Medical College—which offer a curriculum almost equal to that of the men's universities. So far, only two women have graduated from the regular course at the government universities. Numerous women, however, are taking advantage of certain graduate courses in medicine, science, economics, law and sociology, open to them at some of the

large men's universities, notably Nippon and Meiji Universities. A few women have been admitted to certain graduate courses of the Tokyo Imperial University and to the Medical College.

Athletics have grown very popular among the girls of Japan. Their physique has greatly improved in recent years as a result of gymnastics, sports and the wearing of foreign-style clothes. Japanese girls participate in tennis, swimming, fencing, basketball, Winter sports and track and field competitions. A team of six girls competed in the third world women's games held at Prague in 1930, while Japanese women were prominent at the recent Olympic Games in Los Angeles.

Women's magazines are numerous and profusely illustrated. Ten of the most prominent enjoy a circulation of over 500,000 each. The *Jojoyin Geijitsu*, devoted to art and literature, is owned, published and edited entirely by women. The large and influential daily newspapers devote considerable space to women's interests and activities and each has several women reporters on its staff. The Tokyo *Yomiuri* newspaper, for instance, publishes a woman's page daily. Women's clubs and associations, political, educational, social and philanthropic, have large memberships and exert considerable influence. With modern newspapers, magazines, motion pictures, radios, correspondence courses and lectures to inform her of current national and international events, with woman writers and orators on political, social and educational questions to enlighten her, the Japanese woman of today has definitely emerged from her state of feudal subservience and takes her place in the world on a basis of equality with man.



# The Menace to National Health

By JAMES A. TOBEY

[Dr. Tobey has been lecturer on public health at several of the larger American universities and is an associate editor of the *American Journal of Public Health*. He has contributed to many periodicals and is the author of several books, among them *The Quest for Health* and *Riders of the Plagues*.]

WHEN Dr. Ray Lyman Wilbur, Secretary of the Interior, blandly asserted before the National Conference of Social Work last June that our children are more likely to profit than to suffer from the depression, he provoked a storm of protest. The assembled social workers, most of whom had been somewhat more closely in touch with local conditions, promptly and vociferously took issue with Dr. Wilbur's view that the care stimulated by adversity is more productive of physical benefits to childhood than is the neglect due to prosperity. Homer Folks, for example, retorted that the children of today had already been the recipients of a "perfectly terrific wallop," such as no children in this country have had for very many years. Other leaders in social welfare work adduced facts to refute the story advanced by Dr. Wilbur, who retaliated by telling newspaper men that his critics were "sputterers."

This episode focused attention on an important current issue, which it happens has already been the subject of investigation, for, in order to ascertain as far as possible the effect of depression upon national health and social welfare, the National Social Work Council recently appointed several committees to collect pertinent data. Material on public health has been assembled by securing from various national voluntary health

agencies statements based on their own experience. From the report certain more or less indisputable facts stand out after the elimination of the inevitable mass of conjecture and after discounting the smug belief of some of the organizations that the salvation of humanity depends upon an increase in the scope of their own invaluable operations.

In brief, the report shows that the depression has not yet affected the people's health, that the effects of the financial dislocation on national vitality will undoubtedly be felt in the near future, and that there is already definite evidence of an unfortunate general curtailment of necessary health services.

Measured by such factors as disease and death rates, the year 1931 was one of the most healthy in our history. Not only were there no serious epidemics but many diseases were less prevalent and mortality rates were lower. Tuberculosis, for example, dropped from 71 to about 67 deaths per 100,000 population, and infant mortality continued to decline in a reasonably satisfactory manner. Such an apparently favorable situation should not, however, be permitted to give rise to a false sense of security. Every student of public health realizes what the public does not—that social and economic factors no less than medical and sanitary achievements affect the state of the nation's health. Every progressive sanitarian also realizes that changes in national vitality and vigor are not felt immediately, but that the effects are cumulative and become manifest only after the lapse of several years.

That malnutrition is prevalent in

the United States cannot be disputed. Even before the present adverse economic conditions, undernourishment, particularly among children, existed on a large scale. Several years ago reliable authorities estimated that at least 30 per cent of all school children suffered from malnutrition. Most of this was probably due to ignorance rather than poverty, but today much of it can be attributed to economic conditions. Although a campaign to educate families with limited budgets to eat properly, and at the same time economically, has been conducted by official and extragovernmental health agencies, this message has not reached every one, nor has it aided those who are unable to buy even the most inexpensive foods. Hundreds of thousands of pamphlets urging the use of such economical foods as bread and milk, supplemented by cheap vegetables and fruits, as basic diets for the maintenance of health have been distributed by the American Child Health Association, the United States Children's Bureau, the Bureau of Home Economics of the United States Department of Agriculture and other responsible agencies.

The persistent malnutrition of a considerable number of the people does not appear in the sickness and death rates of today, but it may in those of tomorrow. Continuous undernourishment is conducive to tuberculosis and other diseases and it prepares the body for the onslaught of many others equally serious. There are, in general, two factors in disease—the invasion by germs or other inciting agents and the individual's powers of resistance. When resistance is lowered, the germs have little opposition.

Add to malnutrition such factors as overcrowded homes and less effective personal and community hygiene, and the stage is set for a spread of tuberculosis. Owing to the fight that has been carried on to control this scourge or because of lingering bio-

logical factors, tuberculosis has not yet increased. Every new case arises as the result of contact with an old case, especially in the same family, and opportunities for such contact by persons more susceptible to tuberculosis than formerly are much more likely now than in previous years. Immediate results from these contacts are not observed, because tuberculosis is a disease of slow development; years may elapse before a childhood infection appears in a young adult. The disease is, moreover, unevenly distributed in the population, taking its chief toll among industrial workers. In this group the tuberculosis death rate ranks third, although it is seventh in the general population, being preceded by heart disease, cancer, pneumonia, nephritis and other diseases.

No statistics are available to indicate that these leading causes of death have been augmented as a result of the depression. Cancer, which is neither hereditary nor contagious, occurs in susceptible persons exposed to exciting physical causes such as chronic irritation. If malignant conditions are diagnosed promptly and treated without delay, the disease can be cured without difficulty. In times of depression, however, many persons are prone to delay, with consequent effect on the mortality rate.

Although the causes of disease are physical and not mental, the psychological hazards of depression periods cannot be discounted. Anxiety, fear, discouragement and other effects of economic strain can and do lead to mental troubles which may adversely influence the health and well-being of individuals. Mental hygienists report that already there is real evidence of an increase in the milder forms of mental disorder which may become serious later, for mental diseases are slow in developing. Our prevailing economic conditions, with the vast amount of unemployment and the enormous reduction of incomes, cause

maladjustments and unhealthy mental reactions, with accompanying destruction of family life and social disharmony and conflict. The temporary is likely to become the permanent.

No great rise in the admissions to mental hospitals has so far been recorded, although institutions for the feeble-minded have noted an increase of those needing their care. This may be due in part to parents and guardians having to unburden themselves of the care of mental defectives and place the duty on the public authorities. Paroles have become fewer in mental hospitals, obviously because of unemployment.

The Welfare Council of New York City early in 1932 issued a statement on the psychological effects of the depression, compiled from the reports of some 900 social workers and nurses. "The adverse consequences," said the report, "make a long and sinister catalogue." In this baleful catalogue occur with distressing repetition terms like "desperation," "bewilderment," "obsession," "cynicism," "restlessness," "fear." Many previously well-balanced and respectable family men seem to have been driven by the strain, worry and despondency of their present positions to seek surcease in the speakeasy and the brothel.

Contrary to expectations, the venereal diseases do not seem to have increased to any alarming extent, but the facilities for dealing with them are overwhelmed. The free clinics for these diseases, which were always overcrowded, are now swamped, and patients who go to them often find that they have to wait so long that they quit in disgust, and either receive no treatment at all or else go to drug stores for patent remedies which are invariably worse than useless.

Medical services of all kinds are overburdened to a far greater extent than ever. Because of liberal policies in admitting indigent patients, hospitals have always operated at a loss,

but now deficits are mounting at an alarming rate. In the last two years every hospital has ministered to more free patients and fewer paying ones, with consequent detriment to the services rendered, especially since the medical, nursing and social service personnel has not increased in number and probably not in quality.

From 1929 to 1931 a decrease of 15 per cent in receipts from patients who pay was reported to the American Hospital Association by ninety-one hospitals in eighty-seven cities. Some municipal hospitals have had to provide for an increase of 30 per cent in the number of patients cared for, in most instances without charge. According to a survey made among 150 visiting nursing societies by the National Organization for Public Health Nursing, the amount of service rendered by public health nurses to the sick poor has risen by at least 25 per cent and in some communities as much as 70 per cent.

This growing need for medical and nursing relief during the depression has been paralleled by the plight of public health services. An investigation of 200 municipalities conducted by the American Public Health Association showed that in about one-half of them drastic reductions had been made in health department budgets, the cuts ranging from 1 to 43 per cent, the average being about 7 per cent. In one large city the financial situation was so bad that 100 of the Health Department's employees had to be dismissed, thus augmenting the ranks of the unemployed as well as reducing the effectiveness of health activities for those already out of work.

Such economy is false economy. A reduction of expenditures for preventive medicine invariably results in heavier costs for cure and relief. Appropriations for public health activities in this country have always been inadequate. "Hardly any one would

argue," declared a recent editorial in *The Journal of the American Medical Association*, the organ of a group that has never been enthusiastic for preventive medicine activities, "that either the nation or a State has ever been unduly extravagant in expenditures for governmental hygiene. In fact, the most effective agencies in this field are even now scarcely well developed." The present official expenditures for public health in the United States are less than 74 cents per capita, although experts have estimated that not less than \$2.50 per capita a year is necessary for a well-rounded health program. In the thirty-six cities rated highest in the health conservation contest sponsored annually by the United States Chamber of Commerce the average per capita expenditure for health administration and voluntary health work amounted to \$1.57 in 1931, whereas cities having the lowest scores spent on the average only 83 cents per capita.

Withdrawal of public support from voluntary health agencies is, on the whole, as unwise as is reduction in official expenditures. Although some national health organizations are occasionally a trifle blatant and sometimes overenthusiastic, their activities have been and are generally beneficial. In popular health instruction, for example, the National Tubercu-

losis Association, the National Committee for Mental Hygiene, the American Social Hygiene Association, the National Society for the Prevention of Blindness, the American Child Health Association and the American Heart Association have rendered conspicuous service; and in organizing public support, making demonstrations and supplementing the work of health authorities, they have a definite rôle and deserve assistance.

Adverse economic conditions of national scope may be said, therefore, to affect the people's health in two ways—by the direct influence on individuals of malnutrition, poor housing, improper clothing, lack of proper recreation and unfavorable mental and emotional attitudes, and by the curtailment of the budgets of agencies for the prevention of disease, the protection of public health and the furnishing of medical, nursing, hospital and social relief. All the baneful consequences are not yet patent, but if the causes are not removed, the results will be seen in higher sickness and death rates and in a serious impairment of national vitality, while recovery, whenever it begins, will be slow and painful. These conclusions may seem pessimistic, but they should be regarded as a warning not to jeopardize the health of the nation.



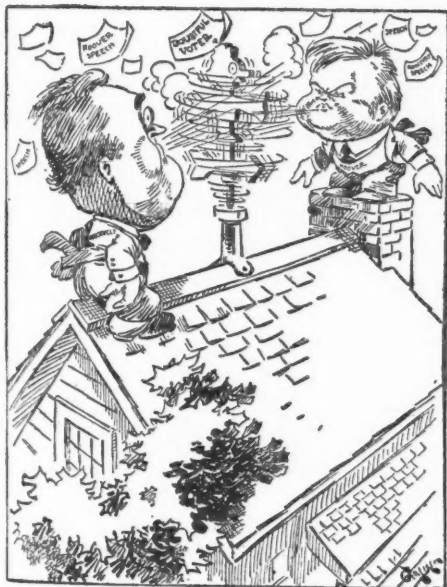
# Current History in Cartoons



The scavengers  
—Springfield Republican.



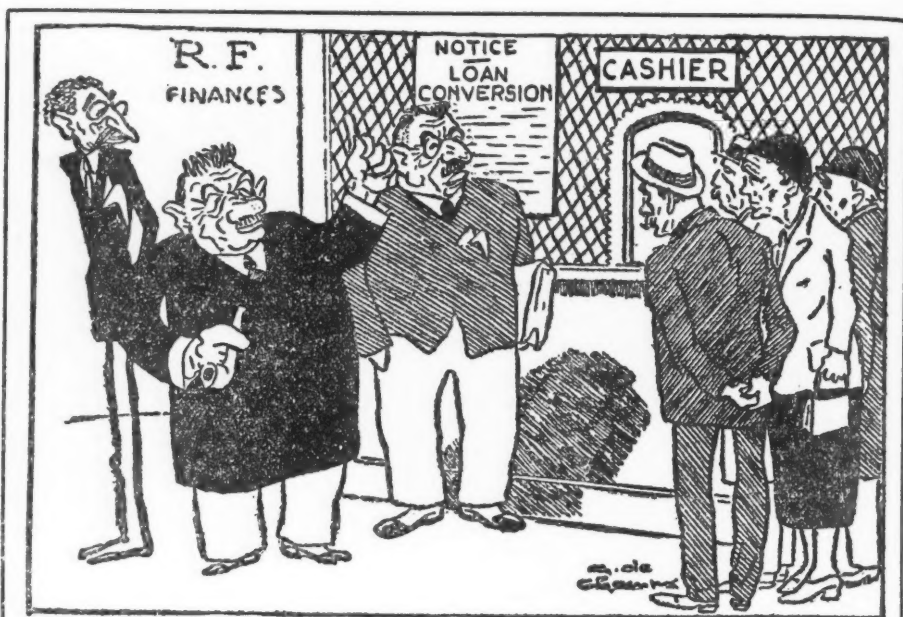
That pot of gold  
—Rocky Mountain News



Who blew the hardest?  
—St. Louis Globe-Democrat

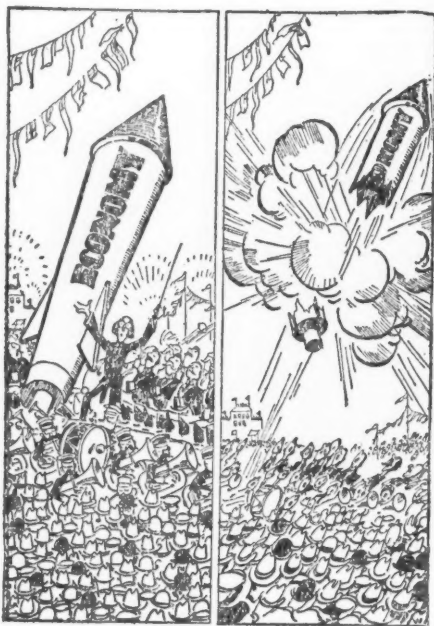


He jus' grewed up—fast  
—Baltimore Sun



"But, my friends, we are offering you 4 per cent when we might have offered you nothing at all"

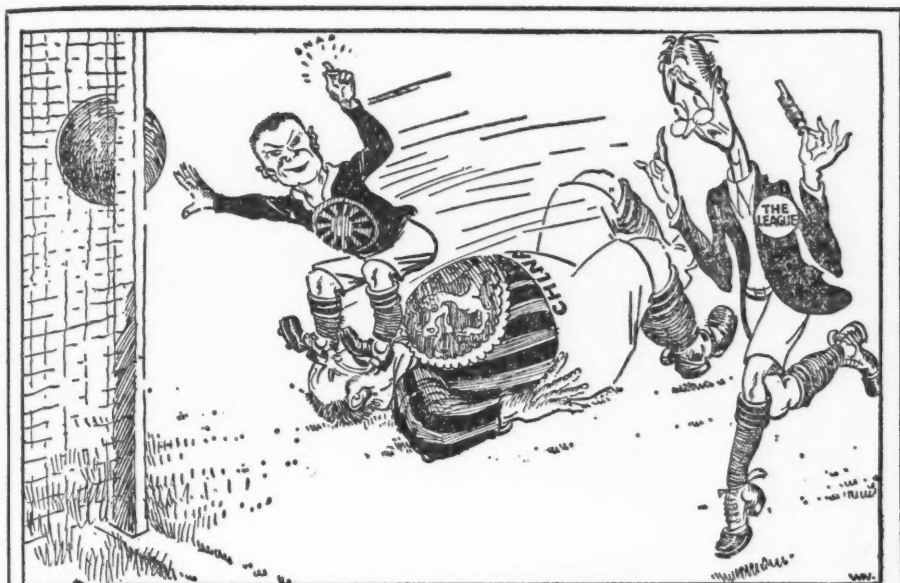
—*Humanite, Paris*



A dud  
—*Glasgow Bulletin*



The Victims—"Disarm!"  
Sir John Simon—"An untimely request. You must have some consideration for the feelings of sixty-four heavily armed nations"  
—*Kladderadatsch, Berlin*



The Referee—"I rather think that's a foul, you know"  
Japan—"Maybe, but he kicked me first"—*Glasgow Bulletin*

"All right, if  
you von't ask  
me to have  
some drinkings  
mit you, I von't  
come to your  
deperance  
meeting!"  
—London  
*Daily Herald*





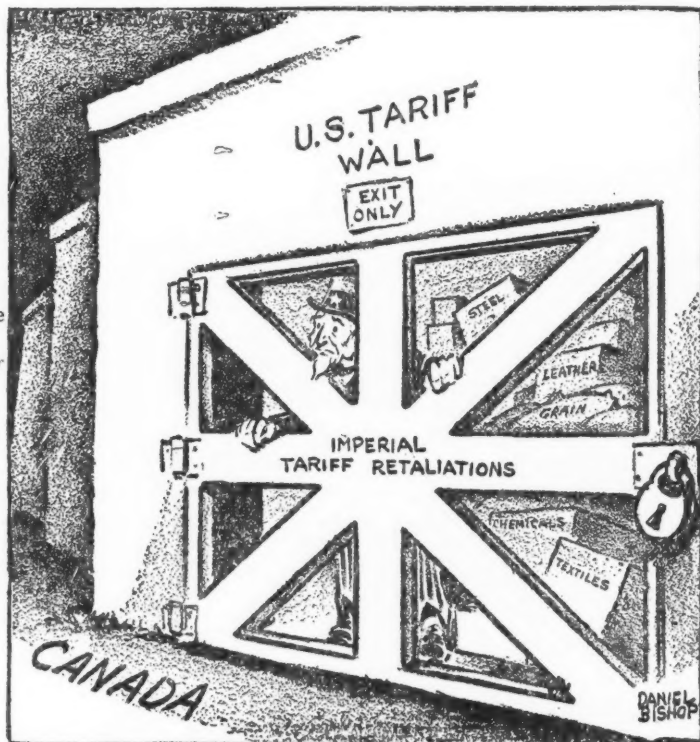
Mother Germany drowns while her sons argue over who shall throw the life-belt —*Simplicissimus*, Munich



France—"Come over here! I'm afraid of that shadow."

Italy—"How can I get over the ditch?" —*Il 420*, Florence

On the outside looking in —*St. Louis Star*





# A Month's World History

## The New French Arms Proposal

By JAMES THAYER GEROULD  
*Princeton University; Current History Associate*

IT is one of the striking facts of history that, again and again, it has required a violent challenge to authority, sometimes involving riot and bloodshed, to arouse governments to the necessity of correcting intolerable injustices. When the explosion comes, there are at first the resentment of disturbed complacency and stern repression; but then follow examination and some measure of relief. Possibly the violent gesture of Germany, in withdrawing from the Disarmament Conference in protest because her demand for equality in armaments was ignored, may have this effect. Certainly it has focused attention on the fact that it is impossible continually, by any treaty, to hold a great and powerful nation in a condition of inferiority before the law.

All the powers which joined in the making of the Treaty of Versailles now admit the truth of this principle. Even in France, where traditional fear of Germany naturally causes the government to cling to every advantage of position, it is, except by the more Bourbon minds, no longer questioned. This admission does not carry with it, however, any weakening of her position that the treaty is and must remain the legal foundation on which rests the peace of Europe. Other treaties may be written which will modify its conditions; but until they are ratified, the old obligations remain.

The German challenge had another

effect. However much the cynical may sneer, the nations want disarmament, if for no better reason than to relieve, in some measure, overburdened budgets. That, however, is not the only reason. Outside army and navy circles—and even there one can easily find many who do not take the professional view—there are few who believe that peace can be bought from the munitions makers. If the World War taught any lesson it was that, as armaments pile up, it becomes necessary to use them. Responsible statesmen know this, and moreover, they are perfectly aware that the public, on which they rely for place, knows it too. That public is demanding positive results of the Disarmament Conference.

The resolution of July 23, which summed up the results thus far attained, was felt to be disheartening. The French, British and American programs had little in common, and there seemed to be a stalemate. The German demands followed. The other powers realized that, without German assent, no general treaty was possible, and that Germany had it in her power eventually to make good her threat to rearm. Fortunately, at the head of the French Government was a man who did not lose his head. To have yielded immediately, or to have assented directly to the terms proposed by Germany, would have been political suicide, but to ignore them was impossible. However widely the

governments of the former allies differed in other things, they were a unit in their determination that Germany should not be permitted to rearm. Germany, indeed, had not demanded that right. She insisted that the other powers should fulfill their moral obligation to reduce their armaments to a level approximating that imposed on her by the treaty. The issue could not be escaped.

The month of October was a busy one for the Foreign Offices in Paris and London. There were many consultations, many schemes proposed, and some rejected. Early in the month the British Government tried to arrange a conference of representatives of France, Germany, Italy and Great Britain, with observers, it was hoped, from the United States. In such a conference France felt that she would be at a disadvantage, but she could not refuse the invitation. Instead of doing so, she insisted that the place of meeting should be Geneva. Mr. MacDonald wished to have it in London, but finally he yielded to the French. This move compelled Germany to withdraw her tentative acceptance, since in the circumstances a visit to Geneva would have seemed to imply that she had receded from her position that she would not return to the Disarmament Conference until her demand for equality had been granted. She hinted, nevertheless, that she would be willing to attend a conference at almost any other neutral capital. The statement of the French Foreign Office that this refusal was "an affront to the League" may have been good local politics, but otherwise it was an unsatisfactory summary of the situation.

The failure of this scheme did not prevent an almost continuous series of conferences in Paris and London between representatives of the French, British and American Governments. M. Herriot was in London on Oct. 13 and 14, in an attempt to secure further guarantees of French security; but, so far as it is known, the Brit-

ish Government persists in its determination not to enlarge the obligations assumed at Locarno. Norman H. Davis, representing the American Government, seemed to have had better success. He remained in London for nearly three weeks in an endeavor to gain British support for the Hoover proposals. It is reported that, as a result of his conversations with British officials, they will show a greater sympathy for the plan when the conference reassembles. Both Mr. MacDonald and Sir John Simon found it necessary to defend themselves publicly against charges that they had been hostile to the Hoover plan.

In Paris the French Government was busily engaged in elaborating an entirely new program for disarmament as a substitute for that presented by Tardieu on Feb. 5. Although the plan was presented to the Chamber of Deputies only on Oct. 28, it had been announced on Oct. 9 when M. Herriot spoke in Alsace at the opening of a huge power station on the Rhine. The new plan represents the combined work of French experts who for a decade have been devoting their time to the study of disarmament. The National Defense Council, of which Marshal Pétain, General Gamelin and General Weygand are members, also discussed it and, if one is to believe certain reports, made certain reservations. Eduard Benes of Czechoslovakia and Nicholas Politis of Greece were likewise consulted in its formulation. The Chamber of Deputies readily accepted the plan by a vote of 430 to 20. On Nov. 4 the full text of the proposals had not yet been made public.

In no sense does the French plan depart from the familiar formula of "security, arbitration, disarmament" which has governed French action from the beginning of the discussion, but the method by which it is proposed to reach these ends is quite different. Germany's desire to free herself from the heavy expense of supporting a professional army is met

by a proposal for the complete abolition, within the European continental area, though not in the colonies—of all formations of the Reichswehr type. Instead there would be a conscript militia or police force, presumably of the type of the present French Army, but with a shorter term of service. It is understood that the British and American professional armies are not to be disturbed. The theory of the integrity of the Versailles Treaty is to be preserved by providing that Part V is to be suspended during the life of the new treaty, and may be revived if, at the end of that period, there is no agreement as to a satisfactory substitute. Actually Part V is consigned to the same limbo where now repose the reparations provisions of the treaty. That there shall be no doubt as to the good faith of the nations in recruiting and administering their militia, there is to be established an international body of control which shall be given the right of investigation.

The meaning of the third section, which is by way of being a substitute for the Tardieu scheme of an international army, is not very clear. The text of M. Herriot's statement is as follows: "To complete the Locarno pact, pacts of mutual regional assistance shall be concluded in such fashion that every European nation may take part and that the collective force thus provided shall be sufficient successfully to oppose aggression; this force should include progressively staggered national specialized contingents, immediately available and having powerful war material at their disposal." No doubt the government will, at a proper time, elaborate this sentence into a statement specific in detail. Until this is done we cannot tell whether it has met the arguments urged against the Tardieu scheme, nowhere more forcefully than in Léon Blum's book, *Peace and Disarmament*.

The fourth paragraph refers specifically to the United States: "The United States should grant guaran-

tees of security that she herself has envisaged." This means, of course, a consultative pact. While the American Government has thus far refused to enter into any such specific agreement and only recently has acknowledged that consultation is implicit in the Pact of Paris, the further step which, by inference, was approved in the Republican platform and specifically mentioned in the Democratic, should not be difficult to take. More embarrassing will be the condition "that arbitration shall be obligatory for all States adhering to the pact." While all the European States, except Czechoslovakia and Poland, and eleven non-European States have signed the optional clause of the World Court statute providing for compulsory jurisdiction, the United States is not yet a member of that body. Until recent years America was one of the leaders in promoting international arbitration, but since the war she has shown marked hesitation in enlarging her commitments. The American Senate, always jealous of its prerogatives, may be expected to hesitate before divesting itself of the power to determine the occasion and the limits of arbitration.

The United States is not directly concerned with the provision that a reaffirmation of Article XVI of the covenant is to be asked of all the members of the League. It will be difficult for any of them to refuse this, but the British Government may feel that by doing so it will thereby void some of the interpretive reservations by which it has attempted to limit its Continental responsibilities. The obvious intent of France is that there shall be no doubt as to common action against covenant-breaking States.

It will be noticed that neither air forces nor navies are specifically mentioned in the French program, and nothing is said of the weapons which it is generally desired to abolish. The complete plan, when published, may deal with them; or it may have been decided to consider them as of sec-

ondary importance, to be discussed and dealt with after the fundamental principles are established. The document throughout relates only to fundamentals; and it bears evidence in every line of the French logical habit of mind. It is a development of the Pact of Paris, of the covenant and of the Locarno treaties. It gives Germany the equality she seeks and at the same time avoids the danger of her rearming and of the formal abrogation of the Treaty of Versailles. Except that French influence is likely to be predominant in the direction of any international army that may be assembled and that the phrase "pacts of mutual regional assistance" needs further interpretation, it would seem that otherwise the plan implies a weakening of French hegemony over Europe. This aspect of it is bitterly resented by the French General Staff and by the papers of the extreme Right. Germany cautiously awaits further details, but finds little to criticize in those that thus far have been published. There is good reason to hope that she will consider it a bridge which will enable her to return to Geneva. British comment is generally favorable, as is that of the American press.

There is in the plan no unnecessary antagonism to that proposed by President Hoover. It is perfectly possible to add to the French proposal quantitative and qualitative features taken from the American and British suggestions. When it comes up for discussion the plan will doubtless be clarified and extended.

#### THE LEAGUE ASSEMBLY

The session of the Thirteenth Assembly of the League, which closed on Oct. 17, was singularly barren of positive results. The issues that were before it are of tremendous importance; but for one reason or another on not a single one of them was the time ripe for positive action. An effort was to be made to deal with them at the special session scheduled for Nov.

21. Subject to confirmation, Joseph Avenel of France was elected Secretary General, in place of Sir Eric Drummond, who retires next June. M. Avenel is thoroughly familiar with the League's affairs. He has served as the head of the Economic and Financial Section, as Deputy Secretary General and as the representative of the League at a number of international conferences. His place is to be taken by an Italian, and the newly created position of Second Deputy Secretary General will probably be filled by the election of a Norwegian, and the three Under-Secretaryships by nationals of Great Britain, Germany and Japan. There was some grumbling over the budget, but it was finally passed at \$6,500,000, a sum smaller than that spent by hundreds of cities on both sides of the ocean. It is microscopic, almost, as compared with the \$5,000,000,000 which the world spent last year on armaments. Small as the sum is, however, a number of the nations are in arrears with their payments, and the League is in serious financial difficulties.

Poland, Mexico and Czechoslovakia at the Assembly meeting were elected to non-permanent seats.

#### THE GOLD STANDARD

At a meeting in Geneva on Nov. 2 of the committee which is preparing the financial side of the coming world economic and monetary conference, Leon Fraser, the American who is vice president of the Bank for International Settlements, urged the restoration of the gold exchange standard as the best way to get back to gold. Professor John H. Williams of Harvard, one of the American members of the committee, indicated that the choice to be made would have to be between return to the gold standard and the gold exchange standard. The whole question has been under discussion by the committee, but its final recommendations have yet to be made public.



# How Real Is American Recovery?

By E. FRANCIS BROWN

PUBLIC attention in the United States during October was focused on the Presidential campaign. Political oratory upset radio programs, political news crowded almost everything else from the nation's press and political discussion turned men's thoughts from social and business developments in the country. The Republicans in their campaign speeches constantly maintained that through the efforts of the Hoover administration American economic recovery had begun, but, as John W. Davis, former Ambassador to Great Britain, said on Oct. 30, "an uncomfortable doubt persists" in many minds that the battle against the depression has not been won. If men divested themselves entirely of partisanship and looked the economic condition of the nation in the face, what did they discover in this recent period?

One portion of the account is made up of optimistic reports and surveys from business leaders and public officials. On Oct. 12 the Secretary of Commerce stated that "some degree of improvement in business has been felt throughout various sections of the country, and has been noticeable in the smaller cities as well as in the larger industrial centres." His opinion was based on reports from nearly 200 trade associations and chambers of commerce. A similar conclusion had been reached two days earlier as the result of a questionnaire sent to more than 100 executives of representative industries by a New York banking house. Finally, at the end of October, Henry M. Robinson, chairman of the Central Banking and Industrial Committee set up at the President's con-

ference of business and industrial leaders last August, pointed to the work of rehabilitation now in progress. He declared that assistance to distressed mortgagees, the obtaining of new capital for small businesses, the extension of capital expenditures by large industries and the "share-the-work" movement had greatly furthered recovery.

The real bases for such optimism were not so convincing. There were undoubtedly some indications of a slight upturn. *The New York Times* index of business activity rose somewhat during September and early October, reaching 56 for the week ended Oct. 15—the highest figure since the week ended May 14—but a week later the index fell to 55.4 as the result of declines in the indices for freight-car loadings, steel-mill activity, electric-power and automobile production. Even the output of cotton cloth, which has bolstered the hope of general recovery, was subject to some fluctuation. Carloadings rose steadily early in the Autumn, but fell off in the last weeks of October. The improvement in foreign trade during September was more than seasonal. Exports totaled \$132,000,000 and imports \$98,000,000—an increase of \$30,000,000 over the combined amount for August, but the lowest September total since 1914. Commodity prices in October were unable to maintain the level reached in September and fell steadily, reaching the index figure of 88.5 on Nov. 1, compared with the high figure of 96.3 on Sept. 6. Meanwhile the stock market was in the doldrums; prices changed little and the volume of sales was small.

The same conflicting story is found

if specific industries are considered. On Oct. 30 a report of the Federal Oil Conservation Board indicated that the oil industry had emerged from the depression. The present price of crude oil permits a profit to producers, while the industry has been able to maintain 90 per cent of the sales figure reached in 1929. If the report states the position of the oil industry fairly, we have here an important turn for the better, since oil is the fifth largest business in the United States.

The production of steel—another basic industry—has remained low. In September output was 17.34 per cent of capacity, compared with 14.26 per cent for August; in October the figure rose slightly, averaging about 19 per cent for the month. Although the United States Steel Corporation showed a total deficit after providing dividends of \$27,176,628 for the third quarter of 1932—the largest for any three-month period in the corporation's history—the company paid its regular quarterly dividend on preferred stock. In an attempt to stimulate large-scale buying of steel rails the industry on Oct. 20 announced price reductions, but there seemed to be little possibility that the railroads would be in the market for rails this year.

The position of the railroads continues to be critical. In September thirty-four of them reported net operating incomes of about \$22,340,000, compared with \$24,734,000 the year before. This total, however, was an increase of more than \$10,000,000 over the net operating income for August. Many roads have showed an improvement over September, 1931, but their true situation will not be clear until after crop movements have ended. Meanwhile the proposed wage reduction of 10 per cent for railway labor was pending and the Coolidge committee was beginning its study of the American transportation system.

In many respects the financial situation of the country reflects the con-

traditions in other fields of business endeavor. The foreign raid on the dollar at the beginning of October came to little, and observers both in the United States and abroad stated their conviction that there was no need to fear for American financial stability. Moreover, during the month the monetary gold stocks of the country continued to rise; on Oct. 26 the total stood at \$4,230,000,000, compared with \$4,164,000,000 on Sept. 24. Hoarding apparently was decreasing, since the amount of money in circulation—at a time of year when the currency usually expands—was about \$5,574,000,000, compared with \$5,632,000,000 for the week ended Sept. 24. A year ago the total was \$5,458,000,000. Bank failures have become negligible—that is, from an American point of view. All these facts are encouraging, but sooner or later American finance as well as American business may be adversely affected by Federal finances. In the words of the editor of a leading financial weekly, "the Federal budget is in a shocking state." At the end of October the Treasury reported a deficit of \$629,889,093; while the returns from taxes have been disappointingly low, discrediting "practically every forecast made by the Treasury." When Congress assembles in December one of its pressing problems will be to shore up the Federal credit.

Finally, in any survey one must consider the plight of agriculture. The great staple growing regions of the country have watched the price of their products sink lower and lower. At the end of October, December wheat was quoted on the Chicago Exchange at 43 $\frac{7}{8}$  cents a bushel, the lowest in eighty years, but it went still lower on following days. Other grains reflected the low price for wheat. Nor did cotton fare much better. At the end of October cotton was quoted in New York at 6.06 cents a pound; traditionally the cotton farmer must receive 10 cents a pound if he is to clear the expense of raising

his crop. Meanwhile, from the farming areas of the country came the dreary, disheartening stories of mortgage foreclosures and lost farms. Surely agriculture presents a uniformly discouraging picture, and yet here may be the clue to the entire problem of recovery.

Throughout the weeks of the Presidential campaign the country heard much of the measures taken to save the nation from disaster and to rehabilitate its economic structure. While the Republicans maintained that the various devices adopted were functioning admirably, examination of these claims showed cause for some reservations.

Of the magnitude of the operations of the Reconstruction Finance Corporation there can be no doubt. In the first eight months of its existence—from Feb. 2 to Sept. 30—the corporation lent more than \$1,500,000,000 to railways, financial institutions, agriculture, emergency relief and construction. These loans were made to 6,002 borrowers in every State of the Union, Hawaii and the District of Columbia. Of the 4,973 banks and trust companies which received loans, 70 per cent were in towns of less than 5,000 population. During the third quarter of the year the R. F. C. made loans as follows:

Banks and trust companies...	\$215,083,392
Building and loan associations	35,153,815
Insurance companies .....	11,727,700
Mortgage loan companies.....	10,246,000
Federal Land Banks.....	29,000,000
Joint stock land banks.....	781,000
Agricultural credit corporat'ns	1,740,935
Live stock credit corporations	5,371,396
Railroads .....	50,484,209

Between July 21 and Sept. 30 the R. F. C. distributed \$140,060,171 for agricultural and unemployment relief—\$35,455,171 for relief and work, \$53,105,000 for self-liquidating projects and \$51,500,000 to finance the carrying and marketing of agricultural commodities and live stock. Up to Oct. 15 the R. F. C. advanced more than \$43,000,000 to States and Territories for relief; about half of this

amount went to Illinois, Pennsylvania and Ohio. In September the number of requests for aid from the R. F. C. showed a definite falling off and was interpreted in some quarters as a hopeful indication of business conditions. Moreover, many financial institutions had not yet availed themselves of loans authorized some time ago.

As has been said frequently, it is difficult to see exactly in what direction the R. F. C. is taking us. It has staved off many failures and receiverships, has probably kept the nation from a worse plight than that through which it has gone, but what if it is long before business picks up? The Federal Treasury cannot support the national economic life forever. Furthermore, what if the private institutions which have been aided are unable to repay? Will that mean State socialism or only heavier burdens on the taxpayers? Conceivably one may in the future look back upon the R. F. C., the situation which brought it into being and the work which it has done and pronounce the remedy to have been worse than the disease.

Perhaps no better criticism of this aspect of governmental attempts to bring about recovery is to be found than that of the editor of *The Annalist* who said recently: "We probably have to admit that the great obstacle in the way of better business is in our dependence upon stopgap measures which do not go to the bottom of the trouble. In particular, we have tried through government agencies to remedy a frozen condition by the addition of a large volume of new debts at a time when ability to pay the old ones was pretty steadily decreasing. The inevitable reckoning with the results of such a policy may well be disturbing and not very far distant."

Another of the reconstruction measures is that for establishing home loan banks to aid building and loan associations—"to liquefy millions of dollars of frozen home mortgages and bring relief to the harassed home owner." The twelve Federal Home

Loan Banks which were established by Congress in the closing hours of its session were finally opened on Oct. 15. But the results were disappointing. Building and loan associations were apparently reluctant to subscribe to the stock of the Federal system, and when the regional banks were opened private subscription had not reached the legal minimum of \$9,000,000 established by Congress. Moreover, the home loan banks were forced to admit on Nov. 1 that it would be some time before many loans could be made as direct aid to home owners.

Finally it is worth pointing out that the attempt to raise prices by forcing money into circulation through the various credit devices of the Federal Reserve System and other measures for pumping credit into American economic life has failed. As Professor John H. Williams of Harvard at Geneva told the committee of experts discussing the monetary phase of the prospective world economic conference, this failure seemed to indicate that only international action could solve the question of prices.

Throughout the depression unemployment has been appallingly high; if recovery has begun it should be reflected in the figures for those out of work. Here again the picture is not clear. In August, according to the monthly survey of the American Federation of Labor, unemployment reached 11,460,000—an increase of about 100,000 over July. September, however, showed improvement, the total dropping to 10,900,000. While this report from the A. F. of L. was widely circulated and was borne out by later reports from the Bureau of Labor Statistics, few press accounts heeded the warning of William Green, president of the Federation, that the gain was seasonal and would probably be lost in November. Moreover, Mr. Green uttered the dire prophecy that "the September gain does not alter our estimate that at least 13,000,000 will be out of work by January, 1933."

To meet this continuing emergency, a campaign for funds is being directed by a national welfare and relief mobilization committee of which Newton D. Baker is chairman. In a nationwide radio appeal on Oct. 16 President Hoover urged the people of the United States to "provide to the utmost extent for the local community support to the increased distress over the country." Mr. Baker has said that "at least one family in every twelve is receiving public or private aid in 126 cities" surveyed by the United States Children's Bureau. These cities represented about 56 per cent of the nation's urban population.

Another phase of the unemployment problem is the breaking up of homes, a development which has increased the number of children placed in institutions by 48 per cent since July, 1930. It has brought into American life the problem of the homeless, wandering boy; more than 200,000 vagrant children, it is estimated, are now traveling aimlessly about the country. Here is a most serious addition to the more commonly discussed social evils of unemployment.

This rapid survey of the nation's economic condition is necessarily not conclusive, but if recovery has begun it is difficult to see clearly. As has been said in these pages before, the panic period of the depression seems to be over, and for that the people of the United States may be thankful, but there is still ahead a long period of readjustment, reorganization and rehabilitation which will entail no small amount of hardship and suffering. Government finances and the condition of the railroads attract attention at the moment and cannot long be ignored, if the country is not to slip further into the economic morass. Possibly Congress will be able to devise a solution for these problems. Possibly the new administration will give the public a new hope which will result in a general business upturn. But for the present that upturn is hardly visible.



There are groups of citizens always seeking favors or assistance from the government; as is to be expected, in times of stress they flourish even more than in periods of prosperity. Requests from manufacturers for higher tariffs on their goods, for instance, are an old story and one need not be surprised to read of them now. A falling off in business, alleged competition from foreign products which enjoy the advantage of depreciated currencies and a constant desire to prevent the influx of commodities from abroad were behind manufacturers' demands in October for higher tariff protection. Although on Oct. 16, 180 economists petitioned President Hoover to reduce the present duties on imports, his answer was given in a request on Oct. 24 to the Tariff Commission to investigate tariff rates on sixteen commodities with a view to raising the already high duties. Possibly his action was related to the Presidential campaign; certainly it came at a time when President Hoover was vigorously supporting the protective principle.

Demands will be made upon Congress at its next session for immediate payment of the veterans' bonus, while groups, whose interest is not wholly unselfish, will seek to block that payment. There may not be another veterans' march on the capital, but disgruntled farmers are planning to descend upon the capital in December, while Communist demonstrations can probably be expected. Unfortunately for the peace of Washington, General Pelham D. Glassford, whose handling of the B. E. F. won praise from all sides, is no longer Superintendent of the Washington Police Department. He resigned on Oct. 20 in protest against the refusal of the

Commissioners of the District of Columbia to approve his plans for reorganizing the Police Department. Presumably his resignation was not without relationship to his controversy with the Federal authorities over the eviction of the veterans from Washington last July.

#### THE ISLAND POSSESSIONS

From the American point of view the most interesting recent episode in the Philippines was the cool reception given to Representative Butler B. Hare, author of the Hare bill granting independence to the islands, on his visit there in October. The Hare bill has aroused no enthusiasm among Filipinos and it has been suggested among them that Mr. Hare was more interested in his own constituents than in the Filipinos. Sentiment in the Philippines, despite the stand taken by the Legislature for immediate independence, seems to be divided, and in these times of storm and stress many citizens do not relish the possibility of losing the economic advantages which arise from political union with the United States.

The Filipino Legislature has not been treating kindly various proposals of Governor General Theodore Roosevelt. His second legislative message recommending tariff increases aroused opposition in many influential quarters. Moreover, his governmental budget received rough handling when on Oct. 21 a subcommittee of the House of Representatives discarded it and substituted one of its own.

At a special session of the Puerto Rican Legislature Governor Beverley reported on Oct. 18 that property damage in the recent hurricane amounted to \$30,000,000; 245 persons were killed and 3,329 injured.

# The Lull in Mexico's Religious War

By CHARLES W. HACKETT

*Professor of Latin-American History, University of Texas;  
Current History Associate*

THERE was comparative calm during October in the war which the Mexican Government recently reopened against the church with the expulsion of the Apostolic Delegate, Mgr. Leopoldo Ruiz y Flores, on the ground that he was an undesirable foreigner.

Catholics were temporarily alarmed by the arrest on Oct. 7 of Mgr. Pascual Diaz, the Archbishop of Mexico. This action followed the adoption by the Chamber of Deputies of a motion calling for a complete inquiry as to whether Mgr. Diaz was within his legal rights in exercising his clerical functions without having registered with the civil authorities. He was detained at Police Headquarters overnight, but was released on the morning of Oct. 8 after he had paid a fine of 500 pesos. It was officially explained that the prelate had been "invited" to go to Police Headquarters because he had not complied with the law requiring priests to register, and the Archbishop had thought that he was not subject to the same regulations as ordinary priests.

After being released, Mgr. Diaz registered with the proper civil authorities and returned to his duties at the Cathedral of Mexico City. He at once issued a pastoral letter in which he denounced any attempt at armed resistance by Catholics and cautioned them to obey the laws and to avoid any movement that might be construed as resistance. This letter was read in all Catholic churches.

Early in October the Italian-Mexican Claims Commission adjourned, thus marking the settlement of all claims, except those of the United

States and Spain, which had been filed against the Mexican Government for damages suffered during the revolutionary period in Mexico from 1910 to 1920. The adjudication of foreign claims against Mexico began in 1923 with the creation of the United States-Mexican Special Claims Commission and the United States-Mexican General Claims Commission. The first of these commissions, which limited its investigation to claims of American citizens for damages suffered during the revolutionary period, was used as a model for the establishment of similar commissions by Great Britain, France, Germany, Spain, Belgium, Italy and Japan.

A total of more than \$100,000,000 was asked of Mexico by the nations whose claims have now been settled. Great Britain claimed \$70,000,000, and was awarded a little more than 3 per cent of that amount; France claimed \$23,000,000, and received 3 per cent of that amount; Germany asked for \$3,000,000, and, according to reports, is to be paid \$250,000; Belgium claimed \$660,000, and received \$82,000. Japan, after the amount of her claims had been agreed upon, renounced collection, taking the stand that Japanese nationals in Mexico should incur the same risks as Mexicans. The awards of the recently adjourned Italian-Mexican Claims Commission have not yet been made public.

Spanish claims against Mexico total \$82,000,000, and a settlement is now being negotiated. The joint figures of the United States-Mexican Special and General Claims Commissions, not allowing for many cases of duplication, amount to more than \$900,-

000,000. An agreement prolonging the life of these two commissions for another two years was ratified by the Mexican Senate early in October. Before this extension becomes valid it must be ratified by the United States Senate and ratifications must be exchanged.

#### NICARAGUAN REBELS ACTIVE

There is evidence that the Sandinista rebels in Nicaragua are becoming more daring in their raids. On Oct. 1 the village of San Francisco del Carnicero, only twenty miles north of Managua, the capital, was sacked by 150 rebels under Juan Pablo Umabzor, one of Sandino's ablest Generals. Several public buildings were burned and a number of women and children were carried off. Only four members of the National Guard were on duty in the village, which was in a region that had never been molested before, and it was necessary to send a Guard patrol to its relief from Managua. During the last four days of September National Guard patrols had five encounters with rebel bands, in which thirty-one rebels and two guardsmen were killed and more than thirty rebels and three guardsmen, including Lieut. W. A. Lee of the Marine Corps, were wounded. National Guard headquarters announced that during September there had been seventeen engagements between guardsmen and rebels. Fifty-eight insurgents and three guardsmen were killed, and twelve rebels and five guardsmen were wounded. In addition, large quantities of arms, ammunition and supplies were captured from the rebels.

Nicaraguans went to the polls on Nov. 6 and elected Dr. Juan B. Sacasa, the Liberal candidate, to succeed President Moncada. The election was supervised by the American marines under the command of Rear Admiral C. H. Woodward, and no disorders were reported.

*Nueva Prensa*, the leading Conservative organ of Nicaragua, commented

editorially on the conduct of the election as follows: "Admiral Woodward returns to his country with a tranquil conscience, sure of having completed his duty with loyalty and energy, having maintained by his and his subordinates' attitude the honor and impartiality of the United States, making certain free, just and honest elections."

General Sandino's representative in Mexico City announced on Nov. 7 that the rebel leader would not recognize the winner in the Presidential election, but planned to seize Managua and call a new election.

#### PANAMA'S NEW PRESIDENT

Dr. Harmodio Arias on Oct. 1 took the oath as President of Panama before the National Assembly, the Supreme Court, the diplomatic corps and United States civil and military officials in the Canal Zone. In his inaugural address he indicated that he would favor an early downward revision of the tariff schedules, particularly on articles not produced in Panama. He predicted that a very moderate tariff on such articles would not affect customs receipts and, by increasing imports, would stimulate other business activities.

The first official act of Dr. Arias was to sign a law which abolished the positions of 200 government employees, including five in his own office. An official statement on Oct. 7 explained that the new administration had inherited an empty treasury and arrears in the payment of salaries to government employees amounting to \$500,000, and that, in addition to the large foreign debt, there was a floating debt of \$3,000,000, while revenues had fallen off \$200,000 a month.

An assault was made upon the Assembly on Oct. 27 following its failure to approve a bill reducing rents in Panama City. Martial law was declared, and President Arias appointed a commission to deal with the rent problem, which has been threatening public order for six months.

**OPPOSITIONISTS LEAVE CUBA**

During the first week in October eleven prominent Opposition leaders in Cuba sought refuge in foreign embassies and legations under the so-called asylum agreement which was adopted by the sixth Pan-American Conference. Among them were Dr. Manuel de la Cruz, Conservative minority leader in the House of Representatives; Dr. Ricardo Dolz, rector of the University of Havana; Dr. Fausto Menocal, a brother of former President Menocal, and Julio Rabell, Nationalist leader. These men feared that their lives were in danger after the assassination of four of their colleagues late in September. Despite assurances by Secretary of State Ferrara that their fears were groundless, most of them either left Cuba or planned to do so immediately. Dr. Pedro Sotolongo, a prominent member of the opposition party and an eminent lawyer of Havana, who has been held incommunicado for four months in Principe Castle, appealed late in September to the United States Embassy for protection. It was reported on Oct. 18 that he was to be permitted to leave for Spain as a political exile.

Constitutional guarantees, which have been suspended in Cuba for the greater part of two years, were restored by Executive decree for two weeks from Oct. 17. This action was necessary in order to comply with the electoral code, which specifically prohibits the holding of elections while constitutional guarantees are in suspension. Cuban Congressional elections were scheduled for Nov. 1.

Despite the restoration of constitutional guarantees, military control in Cuba was tightened in mid-October. "These measures," according to a statement issued by President Machado on Oct. 15, "are only for the purpose of guaranteeing the free exercise by the voters of their rights in the

election on Nov. 1." The public in general showed little enthusiasm over the election, and only the Liberal candidates and those of other parties which are in sympathy with President Machado's policies were elected.

With production figures practically complete, the Sugar Export Corporation announced on Oct. 8 that Cuba's 1931-32 sugar crop amounted to 2,602,336 tons. The surplus from the previous crop amounted to 589,832 tons. Exports and local consumption to that date reached a total of 2,083,001 tons, leaving a balance of 1,109,167 tons. Exports to the United States amounted to 1,374,549 tons.

**AMERICAN PLANS IN HAITI**

In an exchange of notes with the Government of Haiti, made public on Oct. 10, the Department of State again announced the intention of the United States Government to withdraw its marines from Haiti. At the same time Haiti was warned that persistent refusal of its Assembly to accept the new treaty would delay the withdrawal of the marines until 1936, the limit set by the treaty of 1915.

The publication of the notes was supplemented with an explanation by Under-Secretary of State Castle that in the present circumstances the United States would proceed with the present program, which provides: first, "the Haitianization of the Department of the South by Dec. 31 in accordance with the plans drawn earlier this year and before the negotiation of the new treaty"; and, second, "the continuation of the plan of Haitianization of the Garde in accordance with the treaty of 1915 and the recommendations of the Forbes Commission." It was pointed out, however, that the existing program does not contemplate completion until 1936, instead of 1934, the date provided in the new treaty.



# South American Elections

By HENRY GRATTAN DOYLE

*Professor of Romance Languages, George Washington University;  
Current History Associate*

THE recent Presidential elections in Chile and Ecuador, resulting in each case in a decisive choice by the voters, bring in their train hopes for the early resumption by those countries of government by Presidents deriving their powers from a popular mandate expressed through the medium of the ballot box. Inauguration in due course of the new Presidents-elect, Arturo Alessandri of Chile and Juan de Dios Martínez Mera of Ecuador, will leave only one Provisional Presidency in South America, that of Getulio Vargas of Brazil. All the other Presidents have been through the form at least of being elected. Even the "strong man" government of General Gómez in Venezuela, the sole survivor of the dictatorships which flourished in South America before the political and economic disturbances of the last three years, appears to preserve the color of constitutionality after more than a score of years of unbroken domination of that country. In Brazil the Vargas government has apparently thoroughly re-established its control after surviving a civil war in comparison with which the ordinary South American revolution assumes the proportions and significance of a comic-opera affair.

With internal conditions approaching a state of calm in the three "trouble spots" of the continent, Chile, Ecuador and Brazil, that other bugbear of peace in South America—the boundary dispute—seems to be left in undisputed possession of the stage. Resumption late in October of negotiations looking toward a settlement of the Chaco territorial question between

Paraguay and Bolivia may mark the end of the recent critical phase of that dispute, during which an extra-official war has apparently proved itself to be as needlessly destructive of human life as one accompanied by a formal declaration of war. Heavy fighting is, however, still reported in the Chaco, in spite of the difficulties attending military operations during the rainy season.

The Leticia border incident, affecting Peru and Colombia, also continues to menace international peace on the southern continent. Definite progress in the direction of the employment of arbitral methods to settle the matter remained to be made at the time of writing. The appointment of Dr. Victor M. Máurtua, one of Peru's leading exponents of international cooperation, as Peruvian representative in case the Inter-American Conciliation Commission is set up, was a hopeful sign. Colombia's traditional attitude of support of inter-American arbitration, as manifested by her participation in neutral efforts to compose the Bolivian-Paraguayan dispute, may also be regarded as a reassuring factor, though there was no indication at the time of writing that the appointment of Pomponio Guzmán, former Minister of Foreign Affairs of Colombia, as special Colombian representative in Washington implied that he would serve as the Colombian delegate to a conciliation conference, as reported in some instances in the American press. In fact, a statement issued by Dr. Guzmán on Nov. 2 reiterated the position of Colombia, reported here last month, that the question of Colombian sovereignty

over Leticia is a domestic, not an international, matter.

The situation with regard to Leticia is complicated by a long-standing territorial dispute between Ecuador and Peru over territories adjacent to the focal point of Colombian-Peruvian difficulties. This is the so-called Oriente controversy, affecting about 40,000 square miles of territory lying east of the Andes and in the basin of the headwaters of the Amazon, or Marañón, River, which is claimed by both Ecuador and Peru. On Oct. 10 a clash occurred between Ecuadorean and Peruvian patrols near the town of Huaquillas in the disputed region. The difficulty was reported to have been adjusted when the prefect of the Peruvian Civil Guard apologized to the Ecuadorean Governor of Machala. The incident, perhaps not very significant under ordinary conditions, becomes important in view of the disturbed state of Peruvian-Colombian relations. Ultimately it may bring Ecuador into the dispute either as a diplomatic or military ally of Colombia or as an interested principal in efforts to fix definitely the boundaries of the three countries concerned.

#### *THE CHILEAN ELECTIONS.*

Despite reports that the Chilean Presidential and Congressional elections called for Oct. 30 might be postponed because of opposition by army and navy officers, balloting took place on that date. The election was apparently unaccompanied by disorders. Arturo Alessandri, President of Chile from 1920 to 1925 (except for a brief interval), received a clear majority of the votes cast. The result was reported as follows: Arturo Alessandri, Moderate Socialist, 183,744; Colonel Marmaduke Grove, Socialist-Nationalist, 60,261; Hector Rodríguez de la Sotta, Conservative, 45,267; Enrique Zañartu, Agrarian, 42,273; Elías Lafertte, Communist, 4,621. The President-elect was the unsuccessful

radical candidate against former President Juan Esteban Montero in 1931. In the recent elections, however, he had the support of the conservative and intellectual classes, not only because of their confidence in his integrity but because his program of "practical socialism" was less radical than that of the extremist Colonel Grove, his leading opponent. The latter returned from his exile on Easter Island, the Chilean penal colony in the Pacific, in time to participate in the election, but not in the campaign. He had been exiled by former Provisional President Carlos Dávila. It seemed likely, as this was written, that the Senate would be controlled by moderates, the lower house by radicals.

The President-elect issued a manifesto on Nov. 2 calling on all Chileans to cooperate in a "truly national administration," representing all sections of public opinion. Among the points in his program were the following: Governmental decentralization, permitting the provinces to enjoy a larger measure of local self-government; reconstruction and solution of unemployment; aid to agriculture, industry, mining and commerce; readjustment of the peso with the aim of bolstering up the currency; and a solution of the problems of the nitrate and copper industries. The President also asked the cooperation of all classes and of the armed forces of the nation in supporting civil rule as opposed to dictatorship, in the spirit of the Constitution of 1925, for which he was largely responsible. Colonel Grove, in a manifesto to workingmen issued on the following day, declared that he would "fight for the definitive triumph of the socialistic ideal," and would "refuse to cooperate with any non-socialistic government." The traditional political parties have now recovered their position, he said, "not because they represent the true desires of social forces but because they were favored by the influence of

money, governmental pressure and antiquated electoral machinery."

It was first reported that the provisional government of Abraham Oyanedel would enable the new President to assume power immediately by the well-known device of appointing him Minister of the Interior and then resigning in his favor, but later reports indicated that the Provisional President would retain office until the new term officially begins in January. Señor Alessandri's inauguration will give Chile a fresh start on the road of constitutional government and will put her back politically where she stood before the overthrow of President Montero.

The President-elect has enjoyed a large popular following in Chile. He is her greatest political orator and is popularly known as "The Lion of Tarapaca." A sincere believer in constitutionalism, he has stood for progressive social legislation and has been a staunch champion of labor. The child of a father of Italian origin and a Chilean mother, and largely self-made, he distinguished himself in politics while still a law student in the National University, from which he was graduated in 1899. After serving as Senator and Cabinet Minister he was elected President by an alliance of Liberals, Radicals, Democrats and Laborites in 1920, taking office in December of that year. Because of conflicts with Congress he resigned in 1921, but reconsidered and continued to serve until Sept. 8, 1924, when he resigned after receiving a joint ultimatum from army and navy groups demanding reforms which the President was unable to wring from a recalcitrant Congress. A military junta, headed by General Luis Altamirano, proved short-lived, and after its overthrow in January, 1925, Señor Alessandri was invited by representatives of all groups to return to Chile. He resumed office on March 20 of that year, secured the adoption of a new Constitution in August, and thereupon

resigned. The government placed in office under the new Constitution, headed by Emiliano Figueroa as President, lasted only from October, 1925, until early in 1927, when it was forced out by Colonel Carlos Ibáñez, who proceeded to set up the dictatorial government which was finally overthrown in 1931.

#### *ELECTION RESULTS IN ECUADOR*

The Ecuadorean elections, held on Oct. 30 and 31, resulted in the victory of the Liberal candidate, Juan de Dios Martínez Mera, former Minister of the Treasury, by a reported plurality of 32,861 votes over his Conservative opponent, Manuel Sotomayor Luna, former Ambassador to Chile, and the Radical Socialist candidate, Pablo Haníbal Vela. The elections were relatively free of disorder, but the government found itself forced on Nov. 1 to put down a threatened revolt in Riobamba in favor of a military dictatorship under Luis Larrea Alba (his second attempt), as well as a reported revolutionary movement among the defeated Conservatives. Charges of fraud in the elections resulted in the appointment on Nov. 2 of a Congressional investigating committee. The President-elect was to take office on Dec. 1, thereby continuing the tradition of Liberal rule which has prevailed for the last thirty years.

#### *EXILE OF BRAZILIAN LEADERS*

On Nov. 1 seventy-eight leaders in the recent Brazilian revolt, including military men, editors and politicians were deported by the provisional government aboard the prison steamship *Pedro Primero*, which had been anchored in the harbor of Rio de Janeiro since the collapse on Oct. 3 of the three months' revolt. It was reported that the exiles would be sent to Europe by way of Pernambuco. The families of the exiles were not allowed to board the ship before its departure from Rio de Janeiro, but were permitted to wave farewells from

launches which circled the ship. Among those deported were Generals Bertholdo Klinger, military leader of the revolt, and Isidor Dias Lopes; Oswaldo Chateaubriand and Julio Mesquita Filho, journalists, and Guillermo Almeida, a well-known poet. Former President Arturo Bernardes, Borges de Madeiros, a leader of the Paulistas, and Pedro de Toledo, former Federal interventor in Sao Paulo, are expected to be deported later. Rio de Janeiro reports characterize the action of the provisional government as a shrewd move which at once relieves it of the necessity of holding long-drawn-out and expensive investigations and trials and at the same time removes men who might have been active political factors in the elections announced for May 3, 1933.

It is evident that one of the results of the unsuccessful revolt is the rise to positions of national power and influence of two of the successful Federal Generals, Goes Monteiro, commander-in-chief of the Federal army, and Waldomiro Lima, military governor of the State of Sao Paulo. Although both are military men, they favor complete separation of the army from politics. They also advocate a new Constitution which would provide for complete sovereignty of the Federal government, without overcentralization. State autonomy would be preserved, but only in administration. On Oct. 27 a commission of thirty-one members was appointed by Presidential decree to draft a new Constitution for Brazil. Among its leaders are General Goes Monteiro, three Cabinet Ministers, Alfranio Mello Franco, Oswaldo Aranha and José Americo; and Ambassador Assis Brazil. In a statement on Oct. 25, Minister Oswaldo Aranha, a leader in the State of Rio Grande do Sul, declared that the elections would be held next May "with the government's will, without the government's will, or contrary to the government's will."

Provisional President Vargas on

Oct. 15 extended for sixty days the moratorium on domestic debts and decreed a period of forty-five days for withdrawal of the scrip money issued in Sao Paulo during the recent revolution.

#### THE CHACO DISPUTE

Conferences were resumed at Washington on Oct. 27 under the auspices of the five neutral governments—Colombia, Cuba, Mexico, Uruguay and the United States—looking to the restoration of peace in the Chaco pending the solution of the territorial dispute between Bolivia and Paraguay. Bolivia was represented by Enrique Finot and Paraguay by Juan José Soler. Dr. Eduardo Diez de Medina, former Bolivian Minister in Washington, and Señor Ynsfrán, Chargé d'Affaires of Paraguay, who have been delegates to previous conferences, did not attend, and press reports indicated that Dr. Diez de Medina had not been reappointed as a Bolivian delegate.

The basis on which the new negotiations were begun was reported to include the following program: (1) Separation of the respective armies in the Chaco (apparently equivalent to the withdrawal previously proposed); (2) demobilization of reserves by both countries; (3) reduction of the regular armies of the countries to a fixed limitation. Further points in the program include the dispatch of a neutral military commission to the Chaco to see that the conditions are complied with, and an agreement to settle the dispute by arbitration, direct negotiations to begin within a short period after signing of the agreement. Paraguay assented to the plan on Oct. 14 and Bolivia on Oct. 26, after a Cabinet change on Oct. 25 which apparently affected the attitude of the administration toward the neutral proposals.

Bolivia has had serious difficulties both in the field and in her internal political life. After the fall of Fort Boquerón on Sept. 29, the Paraguay-



ans began a sustained drive in which they captured a number of other forts and took numerous prisoners. On Oct. 23 they captured Fort Arce, field headquarters of the Bolivian armies in the Chaco, and base, according to the Paraguayans, for the projected Bolivian advance against Paraguay under the original plan of campaign. The next objective of the Paraguayans was Fort Samaklay (or Agua Rica) and reports on Nov. 5 indicated that steady fighting was taking place in that sector.

A dispatch to *The New York Times* from Buenos Aires estimated the Bolivian dead in the Chaco at a minimum of 3,000. The same dispatch reported that the Bolivian 14th Infantry Regiment was annihilated at Fort Boquerón, with a loss of 800 young men between 19 and 21 years of age, mostly students from La Paz. Of the twenty-one survivors of the regiment, twenty were wounded and one is a prisoner. If these figures are correct, they not only indicate serious Bolivian losses in the Chaco but sharply emphasize the folly of recourse to arms by the two countries.

Cabinet changes in the last few weeks have followed each other at short intervals. A coalition Cabinet formed on Oct. 21 resigned on Oct. 25, and was replaced by a wholly Republican group. On Oct. 27 the Senate passed a vote of non-confidence in the Cabinet. At the same time rumors came from Argentine correspondents that President Daniel Salamanca of Bolivia intended to resign. On Nov. 5 the Republican Cabinet resigned, and President Salamanca appealed to Vice President Juan Luis Tejada Sórzano, leader of the Liberals, to form a new coalition Cabinet to which the President would delegate his Presidential powers. The new Cabinet would unite all groups for national defense, according to reports.

The commission of neutrals at Washington on Oct. 14 published telegraphic correspondence with the

League of Nations tending to dispel rumors that the League was attempting to interfere in the conduct of these negotiations.

### THE LETICIA QUESTION

Reference has already been made to the diplomatic status of the Leticia question. Press reports indicate that the military aspect is less promising. Peru, according to advices, has heavily fortified Leticia, while Colombia has dispatched an army of some 8,000 men to retake the place. It is not impossible that contact between the forces of the two countries may develop into the same kind of unofficial warfare that has been raging in the Chaco. In case of hostilities it is not unlikely that Peru may have an initial advantage, owing to the superior training and equipment of her military forces, including her air force. Colombia, however, would doubtless ultimately prove superior in man-power, and her finances and credit are probably in much better shape. A Colombian national defense loan of \$10,000,000 is reported oversubscribed. An American steamer purchased by Colombia for use as a troopship is already on the way, and negotiations are reported under way for the purchase of a Spanish gunboat. An unconfirmed report on Nov. 4 stated that Peru had placed a war loan of 100,000,000 soles (about \$20,000,000) in Japan, after negotiations with American bankers failed. One-fourth of the Japanese loan was to be delivered in war materials, according to the report.

Reference has already been made to the danger of border complications with Ecuador. Brazil may also find herself involved through violation of her territory or other factors. It is reported that Brazilian frontier guards in the region are being reinforced, just as Argentina has found it necessary to strengthen her military forces along the Pilcomayo River because of the Bolivian-Paraguayan dispute.

# British Labor Becomes Unruly

By J. BARTLET BREBNER

*Assistant Professor of History, Columbia University; Current History Associate*

THE British unemployment figures for Sept. 26 totaled 2,858,011. This showed a slight decline, but was still 33,239 more than in 1931. More serious was the fact that 94,000 fewer persons were in employment than in 1931. It was claimed officially that, excluding the weavers, who were then on strike, there would have been 31,000 more employed than in 1931. It is notorious that the unemployment figures during 1932 have been affected by the large numbers who have been struck off the registers after rigorous examination.

About one-third of the British unemployed have exhausted their insurance rights and are receiving "transitional" benefit or the "dole." The present government has felt it imperative to investigate the resources of these persons and the administration of this "means test" has been in the hands of local assistance committees, not all of whom have exercised it humanely or wisely. The resulting public scandal has evoked widespread protests among the unemployed, who demand "work or maintenance."

The scattered protests in September were not met by a uniform response from the local authorities, and in October the protesters were organized into marches on London to force Parliament to abolish the test. On Oct. 18, a demonstration near the County Hall developed into a six-hour battle over the Westminster Bridge approach to the Houses of Parliament. In all, about 10,000 persons were involved. On Oct. 27 some 2,000 marchers held a meeting in Hyde Park without disturbance, but W. A. L. Hannington, a Communist, who directed the convergence on London, could not or would not con-

trol about 20,000 Londoners who gathered outside the park. Rain ended another conflict between police and civilians after about two hours. On Sunday, Oct. 30, a huge mass meeting was held in Trafalgar Square and kept there by the police in spite of some effort to break through the approaches to the Mall and Buckingham Palace. Again Londoners, instead of marchers, contributed the violence. John McGovern, hitherto a somewhat turbulent Labor Member of Parliament, offered to assist the marchers to petition for a hearing at the bar of the House of Commons in a regular way, but Hannington rejected his offer in favor of an attempt on Nov. 1 to force a way into the House. The attempt was made and failed when the 20,000 raiders were herded back to Trafalgar Square. Hannington was arrested.

Meanwhile Prime Minister MacDonald was obviously very much embarrassed by his inability to declare the government's policy as to the means test. There was no revelation of what must have been a prolonged Cabinet argument, but the behavior of a substantial group of Conservatives in the House of Commons could only be described as calculated to aggravate the situation. The government seemed to be committed to the use of the means test and not yet in agreement as to improvement and uniformity in its administration. The police, who had maintained their record of not using firearms in spite of much severe treatment, perhaps naturally protested against the inception of the second half of their 10 per cent pay cut in November.

The weavers' strike was barely set-

tled before the attempt by the employers to extend the new wage scale to the spinners brought the threat of another stoppage. After ten days of negotiation, it was agreed on Oct. 23 to accept reductions of about 7½ per cent, but the union executives rejected the settlement and called a strike for Oct. 31. It seemed likely that direct balloting of the operatives, which began at once, might end the strike at the end of a week, but the card-room workers were already affected, and if the 200,000 spinners and carders should stay on strike, an equal number of weavers would be forced out of work again. The spinners induced the owners to accept the principle of a forty-eight-hour week in the settlement, but the difficult problem of oiling and cleaning time still caused difficulty.

No doubt it was the unsatisfactory conditions of labor and employment that accounted for the continued movement of the Labor party toward the Left. The party conference in early October broke away from the old-line leadership, with Sir Charles Trevelyan most notable in espousing the new more outright Socialist policies and E. F. Wise in the background. On Oct. 18 Arthur Henderson resigned the formal leadership in favor of George Lansbury. With MacDonald, Snowden and Thomas also out of the way, and the Independent Labor party no longer affiliated to the Labor party, the latter must now find new leaders as well as new policies. The gains by Labor candidates at the municipal elections on Nov. 1, however, seem to indicate that the party is recovering some of the ground it lost in the country through its overwhelming defeat at the last general election. Meanwhile, Sir Herbert Samuel and the Liberals who followed him out of the National government in September have been trying to take advantage of the situation to make the Liberal party in the House of Commons once more the chief opponent of the Conserva-

tives. At the moment the Liberals, even while they ignore Mr. Lloyd George, can provide a far better Parliamentary Opposition than Labor.

The demonstrations of the unemployed and their encounters with the London police undoubtedly served to accelerate an abrupt decline in sterling exchange, which at one time carried it down 19 cents to \$3.26, within 3 cents of the lowest point since the passing of the gold standard and within 8 cents of its lowest since 1918. No apparent effort was made by the Bank or the Treasury to arrest the decline by using the exchange equalization fund. There were substantial withdrawals of foreign balances and the decline continued until Oct. 29. On Nov. 1 the pound rose to \$3.3075.

Among the many suggestions made as to the cause, the approaching \$95,000,000 debt payment to the United States, the necessity of meeting in one form or another the £165,000,000 of unconverted war loan and the idea that a capital levy was being made for a new start in industry seemed furthest from the mark. Berlin believed that the decline was engineered to reinforce the tariff barrier against foreign goods. Others attributed it to a decline in receipts from foreign investments so serious that the invisible items of the balance of payments failed to counteract even the greatly decreased adverse balance of trade.

The best explanations were that sterling, unsupported and therefore subject to speculation, was responding in an exaggerated way to seasonal purchases of wheat and cotton and that the government was glad to see sterling fall in order to raise internal prices. Nothing has been more extraordinary about Britain's abandonment of the gold standard than the failure of prices to rise. Sterling is depreciated about 32 per cent, whereas prices have risen only between 3 and 4 per cent. While sterling fell during October, Crump's index of wholesale prices also fell steadily from 64.2 to

62.5. The expressed policy for economic revival of the British Government is the raising of commodity prices. It has shown that it will accept a decline in sterling to effect it.

Confident advantage has been taken of the prevailing low interest rates by the Treasury. On Oct. 11 the market absorbed in an hour £150,000,000 in 2 per cent bonds, due 1935-1938, the proceeds of which were to be used to pay off £140,000,000 of 4½ per cent bonds due on Dec. 1. On Oct. 31 it was announced that £115,000,000 of 5 per cent bonds (1933-1935) would be redeemed on Feb. 1, 1933. On Nov. 1 a fifth conversion loan of £300,000,000 in twenty-year 3 per cent bonds was announced, raising the conversion total this year to £2,500,000,000 and effecting a saving to the Treasury of £40,000,000 a year. The Bank of England continued to add slightly to its gold reserve, in spite of gold shipments from London to New York, so that the total of £140,400,000 at the end of October was the highest since July, 1931.

The foreign trade figures for September showed no improvement. Not only were they less favorable than for August, 1932, but, as compared with 1931, exports had declined £4,500,000, imports £14,000,000 and the adverse balance £9,600,000. This bad showing, with exports the lowest since 1905, was better than that of the rest of the world. Using the July figures for 1931 and 1932, the exports of leading countries had declined as follows: Great Britain, 2.5 per cent; Germany, 18 per cent; France, 19 per cent; Italy, 26 per cent; the United States, 29 per cent. Fluctuations in exchange were a handicap in spite of the rapid discounting of sterling bills in international finance.

#### THE OTTAWA "SECRET SCHEDULES"

Owing to the Canadian constitutional procedure by which such budgetary changes as tariff altera-

tions go into force immediately upon announcement, the secret terms of all the Ottawa Conference treaties were made public simultaneously on Oct. 12. The British public was quite confused by the complexity of the agreements, but the more important considerations gradually emerged. In spite of the extravagant praise and condemnation of the treaties by the opposed political leaders, there was a steady undercurrent of feeling that the United Kingdom had been worsted in the bargaining, an impression which was strengthened by the definiteness of the British and the vagueness of certain Canadian and Australian concessions.

From the United Kingdom point of view, Canada seemed to have given very little, notably in markets for textiles. The duties on cottons were reduced by about one-third and on wool by about one-quarter. Greatest hopes were attached to hardware, chemicals, machinery and coal, but even these were not very confident. It was asserted that the iron and steel producers had been forced to divide the Canadian market privately with producers in the United States as well as Canada. Canada gave free entry to seventy-nine kinds of manufactured goods and lowered the duty on fifty-three more. Her disquieting action was the raising of the duties on eighty-three classes in order to increase the British preference and at the same time give "compensatory" protection to her own industries. Sir Arthur Salter, in a letter to *The Times* (London) on Oct. 27, questioned both this procedure and the engagements not to alter the agreed-upon tariffs for five years, and in so doing he expressed succinctly the vague uneasiness of many others. It was calculated from the Canadian import figures for 1931-1932 that the United Kingdom had the opportunity to add to her \$54,000,000 share of the affected classes of imports a substantial portion of the \$71,000,000 share of the United States.



Because of revenue problems, Australia confined herself to promises to reduce a good many duties in the future. New Zealand acted promptly and gratefully, but could not help British exports much. South Africa began at once to negotiate a new treaty with Germany after keeping her promise to denounce the existing one as incompatible with the Ottawa agreement. British textile interests agreed that South Africa had really given them a chance. India, through Indian negotiators, recognized the principle of imperial preference for the first time, but the debates on ratification must reveal whether the British concession of preference to raw materials and to some manufactured and semi-manufactured goods is an acceptable price.

The restrictions on entry of foreign meats were revealed to be dual. The United Kingdom is to take from Argentina the same amount of beef as in 1931, but imports of mutton, lamb and other than Argentinian beef are gradually to be cut to 65 per cent of the 1931 amounts during the next eighteen months. The trade treaty with the Soviet Union was to be terminated on six months' notice from Oct. 17, but the notice was accompanied by a request for the negotiation of a new one, and in late October new Russian orders for steel and locomotives were received. The interesting problem of how to compute the world prices of non-ferrous metals and food-stuffs which condition the new tariffs on them was raised during the debates in Parliament. Universal tariffs and exchange fluctuations have almost destroyed the idea of a free world price for commodities.

The National Government's huge majority in the House of Commons enabled it to secure enactment of the legislation with little difficulty. Moreover, foreign countries justified the government's prediction that the Ottawa agreements would force them to bargain with the United Kingdom

as the Dominions had. On Oct. 25 the House of Commons was informed that sixteen countries had asked for negotiations. If the United Kingdom could use this situation to bring foreign tariffs down to its own low level, a notable step would be taken to loosen international trade. It was generally recognized, however, that the exchange controls now affecting thirty commercial countries were even more obstructive than tariffs to world commerce. In connection with the renewal for two years from Oct. 25 of the temporary 33.1-3 per cent tariff on iron and steel, the rôle of the import duties advisory committee as a lever to force improvement of productive efficiency was reiterated, but it was also suggested that a more immediate outcome would be stronger bargaining power with the Continental steel cartels.

#### ANGLO-IRISH AFFAIRS

The direct negotiations over the £5,000,000 of land annuity payments by Irish Free State farmers to British lenders broke down completely on Oct. 15 after two days of discussion, in which there seems to have been no common ground. Mr. Thomas described the meetings to Parliament on Oct. 18 and Mr. de Valera gave his version to the Dail on Oct. 19. The basic difference was that the British upheld and the Irish denounced as invalid the financial agreements concluded by the Cosgrave government in 1923 and 1926. The British were prepared to arbitrate the annuities, but insisted on a commonwealth tribunal, which Mr. de Valera refused. Finally Mr. de Valera introduced a counter-claim of £400,000,000 for overtaxation from 1800 to 1922 and an unspecified amount for Irish losses consequent on the passing of the gold standard.

This disappointment of widespread hopes for a settlement was dispiriting in the light of the present desperate economic plight. The exemption from

British tariffs was to end on Nov. 15. The habitual channels of Irish trade have been almost blocked and new ones are inaccessible. Labor, upon whose representatives Mr. de Valera depends for a majority, has been very restive. The new tariffs and bounties may ultimately make the Free State self-sufficient, but the middle class are paying for the transition and will have to pay more in increased income taxation. It was commonly held that there would have to be a general election soon, with Mr. de Valera advocating a real break with the United Kingdom.

Belfast, in Northern Ireland, was the scene of serious rioting and destruction of property on Oct. 12 and 13, when workers on relief projects demonstrated against their rates of pay. They won a new wage scale after a general strike had been threatened. Tom Mann, visiting English Labor leader, was deported. Conditions were normal again by Oct. 17.

#### THE NEW CANADIAN TARIFF

The Anglo-Canadian commercial agreement announced on Oct. 12 was in effect a new Canadian tariff, for a full third of the general tariff list was affected and in a large number of instances the Conservative policy of protection for Canadian industry was evidenced by increases in the existing rates. In introducing the new rates the Prime Minister made specific reference to the operation of American tariffs and indicated that the closer relations with the United Kingdom were Canada's response.

Estimates of the reduction in imports from the United States to Canada ranged from \$40,000,000, the conservative Canadian estimate, to the \$150,000,000 of the enthusiasts. Washington estimated it at \$75,000,000 on the basis of 1930 trade. In addition, Canada hoped to supplant the United States in a large proportion of \$200,000,000 of her 1930 exports to the United Kingdom. The British provi-

sion that Canadian grain exported through the United States must not be stored there if it is to enjoy the preference was expected to deprive American ports and warehouses of a good deal of profitable business. Perhaps the greatest importance of the pact so far as the United States was concerned was the five-year term during which the signatories promise to make no changes.

W. L. Mackenzie King, as leader of the Opposition, criticized the agreement because it raised Canadian duties, because by it Canada had assumed the right to dictate British fiscal policy and because the market concessions to the United Kingdom had been very slight. He reiterated the Liberal thesis that Canada must have world markets for her many surpluses and that raising tariffs is not the way to get them. The country as a whole seemed to welcome the treaty.

The rise in commodity prices from June to September arrested the decline of Canadian productivity and prosperity. Industry remained steady and employment was rising as late as Oct. 1. External trade in September was as follows (with percentages of comparison with 1931 in parentheses): Export total, \$42,187,000 (86.1); to United Kingdom, \$19,492,000 (128.3); to United States, \$11,049,000 (51.4); import total, \$34,504,000 (76); from United Kingdom, \$7,515,000 (92.6); from United States, \$19,545,000 (71.7). The dollar stood at about 92 cents early in the month, but fell to 90.68 cents on Nov. 1.

The drama of the month was provided by wheat and newsprint. As was indicated last month, Canada has far outstripped the United States in selling her wheat and, in order to move as much as possible of her large and high-grade crop before the Argentinian and Australian crops were marketed, has, on the whole, sold at any price offered. When the Canadian dollar rose and Chicago speculators continued to sell in what they considered

was a "pegged" Winnipeg market to cover Chicago sales, the price had to break in order to retain the favorable export position. The government refused to repeat the 1931 bonus of 5 cents a bushel and did not support the market. There was no sign of important diminution in the world's wheat surplus. No. 1 northern at one time fell to the unprecedented price of 45.5 cents, and on Nov. 1 the price for No. 2 northern was 45.36 cents. Chicago prices also broke heavily, but Canada retained her price advantage in the export market and wheat began to be sold abroad again.

When Price Brothers defaulted on bond interest after ninety days' grace on Nov. 1, it was evident that Canadian bankers and paper manufacturers had failed to effect consolidation in the face of the newsprint price war. Premier Taschereau of Quebec issued a warning on Oct. 24 and the bankers, under E. W. Beatty, met for the last effort on Oct. 25. There has been some international friction because the International Paper Company undercut the Canadian mills, but there is so much American money in the Canadian companies that the situation has resolved itself into a general North American one where overexpansion has brought about a struggle for survival of the fittest. The contract rate set in September was \$45 a ton, but Montreal has since reported cash paper at as low as \$35 a ton and contract paper at \$40.

On Oct. 31, Canada floated a domestic loan of from \$80,000,000 to \$105,000,000 to yield 4.28 per cent in the three-year maturity and 4.50 per cent on fifteen and twenty year terms in order to meet budgetary and railway deficits.

#### AUSTRALIAN CABINET CHANGES

J. A. Lyons, the Australian Prime Minister, was able to carry his economy proposals through the Commonwealth Parliament, but he faced the refusal of Dr. Page, leader of the

Country party, to merge with the United Australia party for Cabinet purposes. As a result, Mr. Lyons's reconstructed Cabinet contained no Country party members, although he had offered them three places.

The Ottawa agreement won general support in Australia, although there was a feeling that the United Kingdom had not received concessions equivalent to her generosity. Stanley Bruce, in London, emphasized the tariff reductions which had been made and said that Australia did not plan to maintain the increased British preferences only by raising her tariffs. The tariff board would bend every effort to reductions compatible with the revenue position. Mr. Scullin, leader of the Opposition, objected to the loss of fiscal freedom implied in the promise to alter tariffs only in response to tariff board recommendations. Growers of pineapple and bananas in Queensland resented the competition of Fiji and Singapore.

Great Britain eased the budgetary position by postponing Australian war-debt payments pending settlement of the British war debt to the United States.

#### NEW ZEALAND CONDITIONS

New Zealand appears to have weathered the economic storm and by drastic reduction of expenditure to have got within sight of a balanced budget next year. The final report of the National Expenditure Commission urged cuts in social services, however, and this provoked Labor opposition. The British moratorium on war debts was of very great assistance, but the loan and conversion outlook was not encouraging even with the improved budgetary position. The Ottawa agreement faced no effective opposition.

#### THE INDIAN SITUATION

In India during October the enthusiastic program against Untouchability died away to a considerable degree af-

ter a few spectacular acts. It is not to be expected that Gandhi's victory over the high-caste Hindus can be materialized with any great speed. In the same way, the Hindu-Moslem conversations toward an accord reached no conclusive result. A small conference thought it had reached a settlement, but was disowned by the Moslems of Northern India, who refused to cooperate. There was a serious communal outbreak at Simla on Oct. 14. Another conference of Hindus, Mos-

lems and Sikhs was to begin on Oct. 30, but it did not report any success. Meanwhile, the new India conference was summoned to meet in London on Nov. 15. Gandhi was not named as a member. The absence of reference to Burma was taken to indicate that it would be a separate polity. Gandhi's release from prison was repeatedly urged, but he refused to abandon his support for the waning civil disobedience campaign and the Viceroy refused to free him.

## Tasks of the Herriot Ministry

By OTHON G. GUERLAC

*Professor of French, Cornell University; Current History Associate*

WHILE speaking at the provincial town of Vesoul in Haute-Saône on Oct. 2 Premier Herriot of France remarked jestingly that all his Ministries seemed to be "Ministries of settlements." The French expression *ministère de l'échéance* refers literally to financial settlements; in 1926, when Herriot inherited the burdensome legacy of the National bloc, his work did relate mostly to finance, but it is possible to stretch the meaning of the word to embrace all settlements of unsolved problems that confronted the Herriot Ministry which came into power last June—the problems of disarmament, of interallied debts and of the budgetary deficit. All these questions harassed the government during the Summer recess and perhaps none more than that of disarmament and security.

When Parliament reconvened on Oct. 25 for its extraordinary session M. Herriot's first act was to outline before the Chamber the plan on which he had been working and which he was to present at Geneva for "the organization of peace and progressive disarmament." (For discussion of this plan see Mr. Gerould's article on page 331 of this magazine.)

M. Herriot made it clear that the proposal was no ultimatum. If it were not accepted France would continue to work in the conference for the organization of peace, "satisfied that she displayed her good-will and her generosity."

That a majority of the Chamber responded fully to the spirit which inspired the French plan was shown in the resolution drafted at the end of the debate by M. François-Albert, president of the Radical Socialist group. This motion recited all the reasons in favor of a policy of collaboration between nations "to rescue civilization from the dangers that threaten it" and went on record as committing the Chamber to the following principles: Respect for the League of Nations pact, especially in its condemnation of all aggression; general and supervised reduction of armaments with power given to the League to insure equality of all peoples; and suppression by all nations of the private manufacture and commerce in arms.

The plan elicited praise from the French liberal press, but much condemnation from some of the Nationalist papers whose attitude has consis-



tently discouraged everything which appears to deviate from the old-time policies of force, alliances and prestige. But if M. Herriot had listened to the spokesmen of the Paris press who have been preaching the gospel of fear and suspicion, he would not have followed the mandate of the electorate which gave him power, he would not have received the support of his majority, and especially he would not enjoy the growing popularity that his peace policies have won for him among the rank and file of Frenchmen.

The second problem that has confronted the Herriot Ministry—interallied debts and especially the question of what France is to pay to the United States—caused the Premier more embarrassment. He succeeded temporarily in having the discussion ruled out of the first debate that arose in the Chamber over foreign affairs, much as M. Marin wanted to drag it in. The Ministry felt that such a discussion would be imprudent in the midst of an American Presidential election. It was impossible, however, to repress M. Franklin-Bouillon, who has been since the end of the war a thorn in the flesh of all occupants of the Quai d'Orsay. This fiery Deputy argued that the result of the Lausanne Conference had been to deprive France of all the reparations which were due to her and which she needed if she had to pay her American debt. Speaking of the promise of 3,000,000,000 marks that M. Herriot obtained at Lausanne, he stated that this hypothetical sum was all that France had to meet "the new demands of the United States and the pressure of America, which is straining all its energy to make us pay what we do not owe."

This doctrine will receive fuller treatment when the issue, which was only postponed, comes up for a more elaborate discussion and when M. Marin, the Nationalist leader, examines what is to be done with the December payments due to the United

States. Meanwhile, no provision for future payments was made in the next year's budget presented in outline to the Finance Commission. The government has informed the commission that no decision had yet been taken in the matter, while Senator Bérenger, who was the French representative in the Washington Mellon-Bérenger debt pact negotiations, stated in an article in *Le Petit Journal* of Oct. 24 that both the Hoover moratorium of June, 1931, and the Lausanne agreement of July, 1932, authorized France to ask for a new arrangement which would be based on her present capacity to pay. Judging from the reports that have come from the Commissions of Finance and Foreign Affairs, where numerous members raised the question, the government will allow the Chamber to decide whether France should fall back on the safeguard clause according to which she may not commit herself to pay her creditors except to the extent to which she herself is paid by the principal debtor. Such, at least, was the opinion reported to have been expressed by Minister of Finance Germain-Martin, while M. Herriot, speaking privately to the members, made a sharp distinction between the political and commercial debts. The latter, he felt, could not be disavowed.

The third question confronting the government, that of the 1933 budget, bids fair to be as difficult as the reparations problem. The budget has a prospective deficit of about \$480,000,000, while income is estimated at \$1,760,000,000 and expenditure at \$2,240,000,000. How can the budget be balanced? The Finance Commission on the first day that it discussed the problem refused to consider the cut in the war pensions proposed by the government. On the other hand, for the civil servants, unpopular as the decision is among the officeholders, sacrifice seemed inevitable. These officeholders have increased from 617,000 in 1914 to 715,000 in 1932, while the corresponding appropriations for

their salaries have grown from \$265,000,000 to about \$450,000,000. The Radical Socialists resigned themselves to the necessity of accepting the reduction of from 5 to 10 per cent asked for by the government. The Socialists, on the other hand, continued to oppose it and looked for retrenchment in the direction of army expenditures. The only other methods of raising the necessary funds were seen in a stricter enforcement of the income tax and in new loans to be applied to the payment of war pensions—which represent a total of \$293,840,000—and to the financing of public works. At best it will not be an easy task to build up a balanced budget in view of the continued crisis in all branches of French economic life.

French tax receipts have continued their downward trend. In September there was a decline of \$40,000,000 over the same month in 1931. The French taxpayer, who pays 40 per cent of the national income in taxation, is becoming nervous and does not seem to get much comfort out of the great mass of gold in the vaults of the Bank of France and in which he has no sense of ownership.

Farmers have been alarmed by the decline in the price of wheat, which dropped 60 cents a bushel in one week. Almost 200 Mayors in the wheat-growing region of Eure-et-Loire resigned at the beginning of October, while farmers threatened a taxpayers' strike if the price did not rise at least to the cost of production. They asked for more drastic measures than those taken by the government, which consisted only in storing 22,000,000 bushels of this year's crop—an exceptionally good one. But the farmers' campaign for better prices comes at a time when consumers are demanding reductions in the cost of living and when those manufacturers and business men who have formed the association known as the *Comité du Salut Economique* are pleading for relief from taxation by the reduction

both of the number of public officials and of the salaries they receive.

In contrast to these lamentations, a word of optimism was spoken by M. Herriot in a speech delivered at Poitiers on Oct. 30. He discovered signs of recession of the crisis in the decline of unemployment and in the increase of transport and trade, as well as in the general index of industrial production, which had increased for the first time in two years.

#### SENATORIAL ELECTIONS

The French Senatorial elections of Oct. 16 did not materially change the composition of the upper house. In the first place, the contest for 111 seats was held in only thirty-two Departments, as the Constitution provides that only one-third of the Senate's membership shall be renewed at each election. Moreover, the Senatorial elections are rarely marked by a serious shifting of parties, since the electorate is made up of a relatively small body of voters, all seasoned politicians, such as Deputies, Mayors, and the delegates of municipal, district and departmental councils. The election takes place on a Sunday in the chief city of each Department, whither all voters have to repair. There can be only three ballots, the last one giving the election to the candidate having a plurality, while a majority is required for election on the first two ballots.

The swing to the Left, so marked in Chamber elections of last May, was less marked in these elections. The principal reason is that the majority of the Senate already belonged to the Left; the group corresponding to the Radical Socialists of the Chamber, the Democratic Left, counted 152 of the 314 members of the Senate. This group was increased by four, while the other radical group gained two seats, the Moderates losing four, the Monarchists one and the Socialists one.

A curious change has taken place in this assembly during the last thirty years. Created by the Constitution of

1875 as a stabilizing and conservative body, attacked in former years by the Radical Socialists as an obstacle to progress, the French Senate has gradually been going more and more to the Left, so that today, in addition to the 155 Radical Socialists, it numbers 37 Republican Radicals and 17 Socialists. Nevertheless, the age of its members—all Senators must be at least 40—the nine-year term, and the fact that most Senators have had experience either in the Chamber of Deputies or in departmental assemblies give it a certain independence and steadiness that contrast with the mercurial and sometimes immature temper of the Chamber, which is elected by direct, universal suffrage.

Nearly all the leading Senators who were up for re-election were returned. Among them were ex-President Poincaré, who has represented his Department of the Meuse for over forty years; Paul-Boncour, whose prestige and peace policies won him a brilliant victory in his new constituency of Loire-et-Cher, and M. Gardey, the Minister of Agriculture, elected in Gers. Among the defeated candidates appears M. Marraud, a member of the Tardieu Cabinet.

A scandal such as enlivens at intervals the French political scene caused a stir at the beginning of October. M. Bouilloux-Lafont, a man of political prominence, head of the aviation company, the *Aéropostale*, accused a member of the Air Ministry and another person of having accepted money to conspire in helping two foreign countries to supersede the *Aéropostale* services in South America. It soon appeared that this accusation was based on forged documents sold to M. Bouilloux-Lafont by an adventurer with a criminal record. On the other hand, it appeared in the course of the inquiry that the *Aéropostale* had been guilty of falsifying its balance sheets, and both M. Bouilloux-Lafont and his son were indicted. The case excited great interest on account of the blackmailing in-

trigues that it revealed and because of the personalities involved.

#### **BELGIAN POLITICAL CHANGES**

The economic crisis has had two serious effects on Belgian politics. The first was seen in the municipal elections, in which the serious discontent with the financial and economic policy of the government was registered by important gains for the opposition. Then the Cabinet, divided as to the best policy to follow, resigned and was replaced by another coalition Cabinet, which dissolved the Parliament.

The municipal elections, held throughout the country on Oct. 9, showed a decided trend toward the Left. The Socialists gained control of the local assemblies in sixty towns and communes in addition to those in which they already had a majority. Their success was especially marked in Hainaut, where, in spite of the recent strikes, they held the Communists in check. In other cities they took seats from the Catholics and Liberals. The Catholics likewise scored some gains. While maintaining their hold on the country districts, they showed progress in such important centres as Antwerp, Liège and Ghent but lost control in Bruges and Tournay. The extreme Flemish Catholics made gains in Limbourg, while the conservative Catholics maintained their position in Flanders. The Liberals were the heaviest losers. In Antwerp they lost 6,000 votes and in Liège they were defeated by the Nationalists. Only in Brussels, where they re-elected Burgomaster Max, were they successful.

All the communal assemblies of Belgium were subject to re-election. The suffrage is both universal and compulsory, and the electorate was composed of 2,512,796 men and 2,655,603 women. The policy of the quotas, which was held to be responsible for the rise in the cost of living, seemed to be the principal cause of discontent.

The results of the municipal elections led to a serious rift within the Cabinet. The Liberal members con-

tended that the plan of financial readjustment devised by M. Renkin was inadequate to meet the situation and, moreover, that with the Parliament as now constituted, no financial scheme could succeed. The Catholic members held the opposite view, and this controversy caused M. Renkin to hand his resignation to the King on Oct. 18. A new coalition Cabinet was formed on Oct. 22 under the presidency of a veteran Belgian statesman, M. de Broqueville, who was one of the leading figures in his country during the war. The new Cabinet was considered a stopgap Ministry whose main job

would be to dissolve Parliament and prepare for new elections. It is composed of both Liberals and Catholics and is made up of men of prominence in Belgian politics. Four members, including M. de Broqueville, are former Premiers—Theunis, Minister of War; Henri Jaspar, Minister of Finance, and Paul Hymans, Minister of Foreign Affairs. A special treasury committee, presided over by Emile Francqui, who refused the Finance portfolio, has been created to handle the budgetary problem. The first act of the new Ministry was to dissolve Parliament on Oct. 25 and call new elections for Nov. 27.

## Germany Again Goes to the Polls

By SIDNEY B. FAY

*Professor of History, Harvard University and Radcliffe College;  
Current History Associate*

ON Nov. 6 the German people once again went to the polls to elect a Reichstag, and once again the voting failed to be conclusive. No party was able to obtain enough seats to control the Reichstag, nor will it be possible to bring about any coalition of parties which can control the German Parliament. As a result, the real victor is the von Papen Cabinet, which can be expected to continue its rule without Parliamentary restrictions, since President von Hindenburg insists that the membership of the Reichstag must be such as to insure the carrying out of definite policies before he will dismiss the von Papen Cabinet.

Preliminary results of the elections showed that the National Socialists had lost about 2,000,000 of the votes which they polled in the election of July 31, and with this decline went the loss of thirty-five seats in the Reichstag. The Communists, on the other hand, gained about 700,000 votes and eleven seats. On the day after the election the figures of the

voting compared to the poll of July were approximately as follows:

	Nov. 6	July 31
National Socialists...	11,713,000	13,732,779
Nationalists .....	2,952,000	2,172,941
Centrists .....	4,228,000	4,586,501
Bavarian People's...	1,080,000	1,190,453
Socialists .....	7,234,000	7,951,245
Communists .....	5,973,000	5,278,094
Scattered .....	2,230,000	1,933,266
Total .....	35,410,000	36,845,279

These returns indicated the following distribution of seats among the parties in the new Reichstag:

	New	Old	Change
National Socialists.....	195	230	- 35
Socialists .....	121	133	- 12
Communists .....	100	89	+ 11
Centrists .....	70	75	- 5
Bavarian People's.....	18	22	- 4
Nationalists .....	50	37	+ 13
People's Party.....	11	7	+ 4
Democrats .....	2	4	- 2
Christian Socialists.....	4	4	..
Scattering .....	4	7	- 3
Total.....	575	608	- 33

As was generally anticipated the total vote in the November election was smaller than in that of July. There was a general feeling that after the dissolution of the last Reichstag



on Sept. 12 the same fate probably awaited the next Legislature if it refused to approve von Papen's policies. There were also less excitement and fewer mass meetings in the October election campaign than in July. All the parties, and especially the Communists and the Hitlerites, suffered severely from lack of campaign funds. In fact, the latter resorted to the solicitation of contributions by their uniformed adherents on the streets of large cities. One of the noteworthy differences in the two campaigns was the fact that last July the main attack of the National Socialists was directed against the Communists, but in October their oratory and their cudgels were turned chiefly against their late friends, the Hugenberg Nationalists, who generally supported the von Papen government.

It was also generally anticipated that Hitler's National Socialists would hardly come up to the level of their past gains; some of the reasons for this were indicated in *CURRENT HISTORY* for November (pages 223-5). The Communists, on the other hand, had been counted upon to roll up a larger vote, drawing away some strength from the radical workingmen's wing of the Hitlerites. Even with some shifting of power between the different political parties, no one expected any such fundamental change as would give von Papen any kind of a working majority. He might even have a coherent majority against him, if the Catholic Centre could reach an agreement with the National Socialists, a combination about which there have been many rumors but which at present appears to be doubtful of realization.

The new Reichstag will presumably reconvene during the first week of December, since according to the Constitution it must be called together within thirty days of the general election. It is expected that Chancellor von Papen will then present to it his new program for constitutional reform. If the Reichstag should reject

it or should try to oust him and his Cabinet from power, his obvious move would be to dissolve it again and call for another general election in February.

#### VON PAPEN'S CONTROL OVER PRUSSIA

The German Supreme Court at Leipzig on Oct. 25 handed down its eagerly awaited decision in regard to the legality of the action of President von Hindenburg and Chancellor von Papen in appointing Federal Commissioners to administer Prussia in place of the regular Prussian Cabinet. The decision was a complicated one and upheld in part the contentions of both the Federal and the Prussian authorities. Although Chief Justice Bumke declared at the beginning of the trial that it was not the court's business to rule on whether the Federal Government's action had been politically expedient or beneficial, but only whether it was lawful, the court's verdict was necessarily based in part on an adjudication of the political situation which led the government to interfere in Prussia.

The case arose from the von Papen Cabinet's ousting the Social Democratic Braun-Severing Cabinet in Prussia on July 20 and appointing a Federal Commissioner in its place. It involved the momentous constitutional questions of State rights as against Federal authority, and the scope and limitations of the famous emergency Article 48 of the Federal Constitution. The first two paragraphs of this are as follows:

If any State does not perform the duties imposed upon it by the Constitution or by Federal laws, the Federal President may hold it to the performance thereof by force of arms.

If public safety and order in the German Republic is materially disturbed or endangered, the Federal President may take the necessary measures to restore public safety and order, and, if necessary, to intervene by force of arms. To this end he may temporarily suspend, in whole or in part, the fundamental rights [guaranteed in other clauses of the Constitution].

The ousted Prussian Ministers brought suit in the Supreme Court to recover the offices of which, as they claimed, they had been unlawfully deprived. They were supported by the governments of Baden and Bavaria, which were interested in securing a decision for the preservation of States' rights, about which they have always been very sensitive. Although the Federal Government was the defendant in the case, it was not being sued in the person of its head, the President, but in the persons of its Chancellor and his Cabinet as the body responsible under the German Constitution for the President's acts.

Counsel for von Papen contended that both clauses of Article 48 justified his action, that the Prussian Government had grossly violated its Federal obligations, that civil war was imminent and that Premier Braun and Minister of Interior Severing, bound at the time by the Social Democratic party's effort to get the Communists to line up with them, were unable, and even unwilling, to take adequate preventive measures. It is true, of course, that there were at this time, shortly before the Reichstag election of July 31, numerous political murders and disorders which the Prussian police seemed unable to prevent.

Counsel for Prussia, on the other hand, contended that the first paragraph of Article 48 had no application under the circumstances, that they had not been guilty of any dereliction of duty, that they had not been warned by the Federal Government, but had been ousted by a surprise measure. As to the second paragraph, though admitting that there had been murders and disorders, they denied that public safety and order had been materially endangered; they asserted that law and order were as safe in their hands as in other parts of Germany, and that the Federal Government's action was actuated only by a desire to get rid of Prussia's Social Democratic Ministers and

replace them by men subservient to von Papen's policies.

Inevitably the arguments on the legal aspects of the matters in controversy were inextricably intertwined with contradictory allegations concerning the facts and the motives behind the acts of the von Papen Cabinet.

The court's decision may be summarized as follows: The Chancellor's action in suspending the Prussian Cabinet and appointing a Federal Commissioner and deputy commissioners to administer Prussia was sustained as constitutional under Article 48; the court found that there was such danger to law and order in Prussia on July 20 as to justify President von Hindenburg's and von Papen's intervention. Their suspension of the Prussian Cabinet, however, was constitutionally valid only as a temporary measure. Moreover, the suspension should deprive the Prussian Ministers only of the exercise of their administrative functions, but not of their right to represent Prussia in the Federal Council, the Reichstag, the Prussian Diet and in Prussia's relations with the other States of the German Reich. Therefore Premier Braun and his colleagues still constituted Prussia's State Government. The government of von Papen's Federal Commissioner and his deputies was constitutionally valid only in the field of administration.

The court did not find any evidence to support von Papen's contention that the ousted Prussian officials had been guilty of any dereliction of duty toward the Reich; that is, the court held that the first paragraph of Article 48 was not applicable to the case. The court declined to define the scope and to specify the limitations of Article 48, as had been demanded by Prussia and the co-plaintiffs, Bavaria and Baden, with the exception that it held that the article could not bar a member State's representation in the Federal Council and Reichstag.

The decision was hailed by both

sides as a victory and justification, but was in fact a disappointment to both.

The Braun-Severing Cabinet held a session and issued a declaration that the court's decision "established an authoritative base for the disentangling of the situation." Later, in a press statement, Premier Braun laid more stress on the tangle. "It will be difficult," he said, "to discriminate in practice between the official functions appertaining to the Federal Commissioner and the rights of State sovereignty which is for us to look after. To reach an adjustment will take very much good-will and the greatest objectivity." He asserted his readiness to cooperate with the Federal Government in loyal execution of the court's verdict. He did not impute ill will to the Federal Government and was willing to take it for granted that the latter wanted to find a solution of the confused situation in accordance with the court's decision. It did not become the Federal Government, however, Premier Braun added, to complain of the confusion, because it had itself caused it by its sudden and forcible procedure against the Prussian Ministry.

Von Papen likewise issued a declaration saying that the court's decision fully justified his action of July 20. He did not claim to exercise sovereignty in Prussia or to represent her in the Prussian Diet, the Federal Council or the Reichstag. But he was evidently determined to have his commissioners continue to exercise their administrative functions in Prussia to the fullest extent. With the army of the Reich at his back and with his administrative commissioners he actually has the substance of power in Prussia in his hands. He has continued to go forward in his practice of replacing officials formerly appointed by the Prussian Cabinet with administrative officials of his own. On Oct. 31 he even went a step further in the direction of merging the Prussian State administration with the

Federal Government by appointing Edler von Braun, Federal Minister of Agriculture, to administer the Prussian Ministry of Agriculture; Professor H. J. Popitz, formerly Federal Under-Secretary of the Treasury, to administer the Prussian Finance Ministry; and Professor Wilhelm Kaehler of Greifswald University to conduct the Prussian Ministry of Education. In addition, President von Hindenburg appointed Professor Popitz and Hans Bracht, who is von Papen's chief Federal Commissioner of Prussia, as Federal Ministers without portfolio in the von Papen Federal Cabinet.

These steps toward merging the Prussian and Federal bureaus, which have long had a dual existence side by side in Berlin, are in the direction of a constitutional reform and economic simplification of administration which has long been desired by many in the interests of efficiency, but which will hardly be palatable to Prussian officials or to the Social Democratic party, which has been one of the strongest forces in Prussia.

#### VON PAPEN'S SPEECHES

Chancellor von Papen was second only to Hitler in the zeal and frequency with which he made speeches before the Reichstag election of Nov. 6. In a sense these were campaign speeches, but he can hardly have hoped to win a majority or even the support of enough other parties to give him a majority in the new Reichstag. His speeches are rather to be regarded as an effort to set forth his program of economic and political reform and to rally to it (and to President von Hindenburg and his Cabinet) the support of the mass of the German people as distinct from their divisions into small and mutually hostile political parties. He has been attempting to develop his idea of the "authoritarian State" with its "Presidential Cabinet," representing efficiency of the ablest talents and standing "neutral" above existing political parties.

As a forensic speaker von Papen

has met with a success which has been a general surprise. He is regarded as the best dressed, the most polished and the most optimistic politician in the face of grave dangers since Prince von Buelow. Parliamentary veterans who can recall the last half dozen Imperial Chancellors and who have listened to the score who have come and gone under the Republic are quoted as declaring that von Papen is not only the most forceful debater of them all, but that his speeches have an eloquence and a statesmanlike quality, heretofore rarely encountered in or outside the Reichstag. As he has taken the radio under Federal control he has a virtual monopoly of using that instrument to reach the masses of the people. His sharp staccato delivery is well suited to the microphone and makes his speeches on the air especially effective.

In an address at Munich on Oct. 12 before a representative assembly of Bavarian industrialists von Papen entered territory which was naturally unsympathetic, but ended by winning considerable enthusiasm and support from his hearers. Hinting at some of the constitutional reforms which he was said to be elaborating in secret to lay before the new Reichstag, he declared that governing by emergency Article 48 must come to an end, but this could be accomplished only if the Constitution were remodeled along authoritarian lines with a Federal Government standing "like a rock" high above parliamentary parties: "The relation between the government and the people's representatives must be so regulated that the power of the State is wielded by the government and not by the Reichstag. There must be a strong upper house as a check on the one-sided Reichstag legislation determined by party interests."

Only institutions capable of constructive work, von Papen declared, were fit to live. Pointing out that the fathers of the Weimar Constitution had not assigned the people's representation to the Reichstag alone, but

"in the office of the President of the Reich created an organ at once authoritarian and democratic," he added: "Their handiwork lies today in the President's hands, and the German people is fortunate in having a President in whose venerable person the vital forces of our past combine with true forward-looking leadership. He is the refuge of all there is of confidence in Germany." Von Papen's closing words, "With Hindenburg for a new Germany!" brought his audience to its feet cheering as no Chancellor before had been cheered in particularist Bavaria.

In a speech in Berlin on Oct. 24, he emphatically denied that the restoration of the monarchy was an issue in Germany. This question, he said, had been injected into the election campaign as a smoke screen to confuse the people at home; it had been adroitly picked up by the press abroad in an effort to prove that, with such a danger threatening to plunge Europe anew into danger, the shackles of the Versailles Treaty must be drawn tighter instead of being loosened. His Cabinet was determined to proceed with constitutional reform to suit Germany's economic and political needs, but there was no question of restoring the monarchy. [On this point see Ludwig Lore's article on pages 288-294 of this magazine].

The Chancellor's utterances and those of his colleagues on the subject of economic policy were less satisfactory and were subjected to much criticism in the press. Evidently there was not complete harmony in the Cabinet. The industrial and agrarian interests were in conflict. This was most manifest in the criticism of the government's attempt to benefit agriculture by its policy of fixing limited quotas for the importation of agricultural products. The purpose was to cut down imports and thus preserve as large a surplus of exports over imports as possible in order to have foreign exchange for meeting the interest on the foreign debt. But the effect was, at



least so it was stated by the industrial press, to antagonize foreigners who retaliate against the export of German manufactures. How far this was true remained to be seen from the trade statistics yet to be published.

#### GOETHE MEDAL FOR HERRIOT

The presentation of the Goethe Centenary Medal to Premier Herriot in Paris on Oct. 19 by Dr. von Hoesch, the retiring German Ambassador, caused a great deal of astonishment in Germany and much unfavorable criticism in the fiery Nationalist press. The much-coveted medal was awarded by President von Hindenburg to the French Premier for his writings on Goethe and Beethoven, and might well have been welcomed on the German side of the Rhine as a graceful recognition of a leading Frenchman's appreciation of German culture. But such a Nationalist paper as the *Boersenzeitung* remarked: "Whoever may be responsible for this curious act of courtesy, nationally minded Germany has precious little understanding of such a gesture at this most inappropriate time. That M. Herriot takes a literary interest in Goethe is commendable, but it does not alter the fact that this Radical Socialist is a far more dangerous enemy of Germany than the most fervid avowed French chauvinist."

#### BERLIN TRANSIT STRIKE

Berlin's street car, bus and subway services were paralyzed on Nov. 3 by an unauthorized strike of the employes of the Municipal Transit Company. The motion to strike, caused by a three-cent reduction in the daily wage, failed to receive the two-thirds majority necessary to get trade union sanction, but Communist and National Socialist agitators cooperated to organize a walkout. An arbitration committee decided that the reduction in wages was legally binding and the government sustained its decision. Picketing was prohibited, two Communist newspapers were suppressed for

ten days, and the employes were warned to return to their work under penalty of dismissal. The trade unions appealed to their members to return to their jobs, but only 1,500 of the 21,000 employes did so within the time limit. On Nov. 4 rioting increased. Three persons were killed and many more were wounded or injured in clashes with the police. It appears that the employes took almost no part in the rioting, which was led by young Communists and National Socialists whose parties oppose the Socialist trade unions.

#### AUSTRIAN NAZI DISORDERS

Austria, in addition to her financial and economic troubles, has been increasingly troubled with disorders arising from Hitler's followers. On Oct. 16 a group of uniformed Hitlerites on leaving a train at Simmering attempted to march through a small side street past the headquarters of the local Socialists. As usual the stories conflict as to whether the trouble began with the Hitlerites throwing stones through the windows of the Socialist building, or whether the Socialists felt provoked by the demonstration of hostile marchers to open fire into the street. As a result of the brawl that took place, a policeman, a National Socialist and another man were killed, and thirty Hitlerites and five policemen were seriously wounded. From Simmering the ill-feeling spread to Vienna, where serious fighting broke out in the university. Hitlerite students, with shouts of "Revenge for Simmering," used knives and clubs in an attack on the Jewish students, many of whom were severely wounded. Classes had to be suspended, and when they were resumed a few days later further student rioting took place, in which three Americans were slightly wounded. The Chancellor expressed his regrets to the American Minister, and the rector of the university took steps to see that there should be no further violation of the courtesy due to foreign students.

# Italy's Ten Years of Fascism

By WILLIAM E. LINGELBACH

*Professor of European History, University of Pennsylvania;  
Current History Associate*

OVERSHADOWING everything else in Italy during October was the celebration of the tenth anniversary of Fascist rule. Beginning on Oct. 16 with a great mass meeting of 25,000 Fascist leaders from every section of Italy in commemoration of the meeting in Milan ten years ago, it reached a climax on Oct. 28, the anniversary of the march on Rome by the Black Shirts. Mussolini addressed huge crowds on both occasions. Referring to the martyrs of the Fascist cause—to whom a votive chapel was later dedicated—he quoted from a martyrological calendar of the men to the effect that “when a faith has been and is consecrated by the crimson blood of its youth, it cannot fail and will not die.”

Open-air speeches, a world-wide radio broadcast, editorials and news articles in the press, military reviews, parades of Fascist organizations, the completion and dedication of public works and the inauguration of new ones, the public reading of the Duce's message in every town in Italy followed by martial music and the ringing of bells for half an hour at noon, featured this enthusiastic celebration of the tenth year of Fascist control. Particularly impressive was the radio address by Senator Marconi under the auspices of the Royal Academy of Italy, in which he pointed out how Italy under the leadership of Fascism was again assuming that majesty and splendor which characterized her in the days of Augustus. A marked feature of the celebration was the four-day tour by Mussolini of Northern Italy, where opposition to fascism has been strongest. On Oct.

23 Mussolini dedicated the colossal new Monteferrat Aqueduct and later at Milan inaugurated the motor road for trucks which is to connect Turin and Milan with the seaport of Genoa.

From the material standpoint, the progress of the nation during the decade of Fascist rule has been little short of phenomenal. Land reclamation on a colossal scale, accompanied by the expansion of agricultural credit and modern farming, magnificent highways from one end of the peninsula to the other, improved and modernized ports and harbors, cities rebuilt and modernized, historic remains skillfully and scientifically excavated and restored—all these things are outward and concrete evidence of the achievements to which Mussolini points with just pride. Particular emphasis was laid on the land reclamation program in connection with the inauguration of the Agricultural Exposition in Rome. Altogether 12,000,000 acres are being reclaimed or improved and on about 10,000,000 acres of mountain land reforestation is being carried out, while mountain streams are being dammed and brought under control to avoid floods and provide water for irrigation. More than \$250,000,000 has been spent by the government on these measures in the past decade, quite apart from the large share collected from the landowners. As a result, malaria is being eliminated in the swampy regions, crops are being improved, the yield per acre greatly increased and a much-needed outlet provided for labor.

Unfortunately, Italian foreign trade for the first nine months of 1932 showed a decline in both imports and

exports, though the trade balance continues to improve. Unemployment is still a major problem, statistics for for the end of August showing a total of 946,000 out of work as against a minimum on July 1 of 905,000 and a maximum in February of 1,147,000. Next to the building trades, the agricultural group has the largest number of unemployed.

Greater even than the material progress has been the development throughout the nation of a sense of law and order, a spirit of work and accomplishment radically different from the attitude of *dolce far niente* so annoying to the Duce. Italy is no longer the easy-going nation of pre-war days. In his work, *La Nuova Politica dell' Italia*, Mussolini points out that the Fascist battle was "directed principally against a state of mind, a mentality of renunciation, a spirit always more ready to avoid than to accept responsibility." By many the ethical and moral triumph over this Italian inertia is regarded as the greatest achievement of fascism. On the other hand, Senator Morello sounds a discordant note in the paeans of praise in his book, *Il Conflitto dopo la Conciliazione*, which is already in its second edition within a month. It is a biting arraignment of the Vatican accord and of Mussolini's rôle in that compromise.

During the celebration the strength and character of the Fascist party was naturally much stressed. According to reports it was never stronger or more efficient. It annually draws about 250,000 new members from the *Fasci Giovanili di Combattimento*, or Young Fascists, organized two years ago as a link between the regular Fascisti and the juvenile *Avanguardisti*. Through these organizations the Fascists are today an all-embracing group with which even the women through their recent organization are being affiliated. No other party is permitted. The Duce is the undisputed head of the organization and virtual dictator with absolute power, not only in poli-

tics and foreign affairs but also in business, industry and local government. Political freedom in the usually accepted meaning of the term does not exist.

On his tour in the North, especially at Turin and Milan, Mussolini made a direct appeal to labor to join the Fascist party on the basis of its services to the working man. "No other country in Europe or America," he said, "does for the workers what fascism is doing for you." Standing beside a huge wooden anvil, this blacksmith's son spoke of his concern for them.

Speaking on international affairs to nearly 500,000 people at Turin, the Duce in an eloquent appeal urged the United States to reduce war debts. As to the League of Nations, he said Italy would not withdraw despite her impatience with the inaction at Geneva. With the German demand for the right to equality in armaments he announced his agreement, again covertly accusing France of blocking disarmament. Later, at Milan, he spoke of his intention of freeing political prisoners, but warned his opponents that his decision was dictated by clemency and not by fear. "Fascism," he said, "was destined to remain for a century" and would in ten years spread throughout Europe. It was entering the second decade of its history much stronger than it did the first and would, he declared, "require additional exertions and sacrifices." "We confront new tasks together with an added sense of our responsibility. Remembrance of former trials reverberate in our hearts as an impulse toward the future."

In October CURRENT HISTORY Gaetano Salvemini contributed under the title "The March on Rome: Revised Version," an account of the activities attendant upon the Fascist seizure of power ten years ago. In that article he described the events on the eve of the March on Rome and in particular Mussolini's negotiations by telephone with Antonio Salandra for seats in the Cabinet which Salandra was try-

ing to form. These negotiations were cut short, according to Mr. Salvemini, when Aldo Finzi, a friend of Mussolini, took the telephone receiver from Mussolini's hand and declared "to Salandra that he must make way for Mussolini." In a cable from Rome to the editor of *CURRENT HISTORY* on Oct. 25, Signor Finzi categorically denied having played such a rôle in Mussolini's rise to power.

#### CATALAN AUTONOMY

Catalan affairs continued to occupy the attention of Spain during October. Having attained home rule, the Catalans promptly set about organizing their regional government as provided in the Statute. Since the new arrangements involve extensive readjustments in the relations with the national government at Madrid, particularly in the matter of taxes, it is important that they be fully developed by the end of the year so as to enable the Madrid Government to take account of them in the national budget. The task involves, first, the appointment of mixed commissions to arrange for the different services to be rendered by the regional government and by the State, respectively, and second, the working out of an administrative basis for the election of the Catalan Assembly or Generalidad, which will in turn elect the President of Catalonia. Before this can be done a new election law has to be enacted. Owing to the preponderance of Barcelona with its 1,000,000 population in a total of 2,500,000, it is proposed to secure a balanced representation by giving twenty Deputies to each of the provinces—Gerona, Tarragona, Lerida and Barcelona—and twenty-five to the city of Barcelona proper. Again, the fear of the radicalism of Barcelona's labor population appears and the proposed electoral plan is frankly a device to maintain the balance in favor of moderation.

More important than this, however, are the issues over which the forthcoming elections will be fought. Con-

spicuous among them is the vexed question of independence versus autonomy, or at least greater autonomy than is provided in the Statute. Already the Left Republican party of President Macia has taken its stand for the extension of the powers of the Catalan Government and a demand for broader freedom, thus confirming the fears of many that the granting of the Catalan Statute was only the first step toward the creation of a separate State of Catalonia as a part of a federal system. Opposed to the Left Republicans is the Regional League, the oldest of the Catalan parties, representing the bourgeois and aristocratic elements. Popularly known as the "Lliga," it agitated for autonomy under the monarchy and, according to its influential organ, *La Veu de Catalonia*, the oldest of the dailies, is now content with home rule under the republic.

At Madrid attention was focused on the Cortes, where the relations between church and State, more particularly the regulation of the religious orders, were again under consideration. Under Article XXVI of the Constitution, "religious orders the rule of which requires in addition to the three canonical vows, a special vow of obedience to an authority other than that of the State, are declared dissolved. \* \* \* Other religious orders shall be considered as associations subject to special laws." To the expulsion of the Jesuits and the seizure of church property valued at over \$500,000,000, there is now added an association law more drastic than the similar French law of 1902. The State reserves the right to approve or disapprove the appointment of heads of the orders, who must all be Spanish and submit to the national laws. The orders are forbidden to engage in industry or to teach anything but religion, the Minister of Instruction taking over all secular education. Drastic as the provisions are, the Papal Nuncio, Mgr. Tedeschini, supported by the Pope, advises strongly against open



resistance, preferring that the orders should appear as victims of persecution. The other matter of interest in the Cortes was the announcement of the program of the Socialist group. Upon the establishment of the republic and the election of the Cortes, the Socialists, after some hesitation, decided to cooperate with the government. Three of their members entered the Cabinet and contributed much toward pacifying the warring factions. They now claim that by working from within and through the government, they have been able to push forward their policies and secure the adoption of much of their program. On the other hand, the Nationalist Socialist Congress, meeting in Madrid on Oct. 9, insisted upon a more vigorous promotion of the party's anti-capitalist program in the matter of income taxation and of the workers' intervention in business. Thus far the coalition has refused to endorse either, although a mild new tax on incomes above 100,000 pesetas, roughly \$8,000, was proposed in the budget submitted on Oct. 14 by Don Jaime Carner, Minister of Finance.

The budget reflects the extraordinary extension of government activities and the vast educational and economic reform projects of the Cortes. The figures are higher than any ever presented in Spain, with expenditures of 4,710,000,000 pesetas (the peseta is now quoted at about 8 cents), against revenues of 4,140,000,000, showing a deficit of 570,000,000. To meet the deficit a new issue of Treasury bills is proposed.

Sharp criticism of the government's policy toward the press was evoked by the invitation of Señorida de Palencia, a distinguished representative from Spain at the World Press Conference in Geneva, to hold the next congress in Madrid. Attention is called to the fact that more than 100 newspapers of one kind or another have been suspended and that the new régime does not even trouble with censorship, for it simply suppresses,

exceeding in this respect the arbitrary policies of the monarchist dictatorship.

Much speculation arose over the visit on Oct. 31 of the French Premier Herriot and the bestowal of the Grand Cross of the Legion of Honor on President Zamora. Although officially denied, competent observers believe the real purpose is to prepare the way for a new alliance. Ever since the establishment of the republic the leaders of the coalition government have been in close touch with France and a good deal of its progress has closely followed French precedent. Hence, while Foreign Minister Luis de Zulueta declared M. Herriot's visit only one of friendship, he also added that "an entente between France and Spain would be desirable." The openly expressed fears of the Socialists that the republic will be in some way committed to the imperialistic policy of the "capitalist French republic" is attracting much attention. Student demonstrations in protest on Nov. 1 assumed considerable proportions. From the French standpoint an entente would be advantageous both in Morocco and in the Mediterranean.

#### PORTUGUESE CURRENCY

Portugal, on Oct. 25, finally stabilized the escudo at thirty-three to the dollar "regardless of any further depreciation of the pound sterling." When England went off the gold standard Portuguese industrial and commercial institutions were much embarrassed because English capital has for centuries been the backbone of Portuguese development in public utilities as well as in business generally. Since the price of cork has fallen to the lowest point in the history of the industry, the government, on the recommendation of the International Corkwood Conference, meeting in Lisbon during October, is planning to adopt measures obliging owners to strip the cork only every tenth rather than every ninth year, as is now often done. In this way it is hoped to regulate production and prices.

# Rumania's Cabinet Crisis

By FREDERIC A. OGG

*Professor of Political Science, University of Wisconsin;  
Current History Associate*

A MONTH of exceptionally fervid politics, even for Rumania, opened with the abrupt resignation of Nicholas Titulescu on Sept. 26 as Ambassador to Great Britain and as president of the permanent Rumanian delegation to the League of Nations. Under pressure from France, Premier Vaida-Voivode's government was proposing to proceed with the long-talked-of non-aggression pact with the Soviet Union, paralleling that recently signed by Poland. On the ground that such an agreement had been rendered unnecessary by the Kellogg-Briand anti-war pact and, further, that as envisaged by Premier Vaida-Voivode it would jeopardize legitimate Rumanian interests, M. Titulescu opposed it. When he discovered that his attitude on the subject was not to prevail he gave the government to understand that he could no longer serve it in any of his existing capacities.

In view of what appeared a fundamental disagreement, considerable surprise was occasioned when on Oct. 9 Premier Vaida-Voivode made public the fact that the ex-Ambassador had been offered the post of Foreign Minister—on the theory, so it was frankly avowed, that since the government felt unable to make decisions without Titulescu's approval, the only feasible course was to give him the Foreign portfolio, with all its responsibilities. The post was accepted, and Titulescu, pausing in Paris for conferences with Premier Herriot, journeyed from London to Bucharest. On arriving there he found that the Premier had in no wise given up the plan for a Russian non-aggression pact and that, accord-

ingly, he was no more in agreement with the government than before. The efforts of King Carol to avert a Cabinet crisis by compromise proved unavailing. The Premier could not be swerved from his position; no more could M. Titulescu, with whom a number of the Ministers, including Jon Mihalache, Minister of the Interior and leader of the National Peasant party, now agreed; and the upshot was that when, on Oct. 16, Mihalache resigned, carrying with him the support of a large section of his party, the Premier likewise handed in his own resignation.

On the advice of Mihalache and others, King Carol invited ex-Premier Julius Maniu to form a government, with Titulescu as Foreign Minister. The one-time conqueror of the "invincible" Bratianu dynasty at first demurred, on the ground that the time was not yet ripe for him to reappear at the head of a Cabinet, but at length assented. On Oct. 20 the new Ministry was announced. Save for the posts of Premier, Foreign Minister, Minister of Trade and Minister for Transylvania, the new government was identical with the preceding one. M. Titulescu, of course, became Foreign Minister. There were reasons for believing that he and Dr. Maniu found some difficulty in composing certain differences of view on foreign policy. In a statement on Oct. 21 the Premier, however, indicated that, while he hoped that a non-aggression pact with the Soviet Union would soon be concluded, he would not countenance any such agreement that placed Rumania in a worse position than it enjoyed after the Kellogg-Briand pact was

signed. This meant, among other things, that the proposed pact should make no reference to the Bessarabian question, a matter on which M. Titulescu had felt strongly. (See Robert Machray's article, "Europe's Anti-Soviet Barrier," on pages 314-318 of this magazine.)

#### AFTERMATH OF GREEK ELECTIONS

The Greek elections of Sept. 25 deprived Premier Venizelos of his majority and increased the Royalist representation in the Chamber almost fivefold. They did not, however, give the Royalists that clear majority which the Premier had declared would be countered by armed force. Succeeding weeks were filled with efforts to stabilize the situation on the basis of some form of amicable relationship among political elements of sufficient strength to give the government support. As a first step President Zaimis, on Oct. 1, announced that the Royalist leader, Panayoti Tsaldaris, had repeated in writing his recent assurances that his party would unconditionally respect the republican constitution. On the following day it became known that the Military League, formed ostensibly to safeguard the republic, had been dissolved.

A third step—the formation of a coalition Cabinet — was, however, found more difficult. On Oct. 10 President Zaimis appealed to all parties except the Communists to participate in a coalition as the only means of solving the financial crisis at home and inspiring confidence abroad. Premier Venizelos, on the following day, replied that he and his party would support the plan, though he would not expect to be a member of the new Cabinet. Five days later he promised that if a coalition were found impossible he would resign when Parliament met, and would even support a government formed by M. Tsaldaris, on condition that the Royalist first clearly stated his program for dealing with the economic crisis. Otherwise, he said, the

only solution would be another election. At the close of the month the outcome was still in doubt.

#### THE PILSUDSKI DICTATORSHIP

An announcement that Marshal Pilsudski, under advice of his physician, was planning to spend the Fall and Winter in Egypt or Madeira inspired a rumor in October that the 65-year-old stormy petrel of Polish politics was about to retire from active life. Actually, he has been in semi-retirement since the Parliamentary elections of 1930, rarely appearing at the War Office, of which he is nominal head, or at Cabinet meetings. The Premier and other Ministers, however, report to him at his Warsaw home, where he also receives foreign visitors.

General von Schleicher's demand for German armament equality is considered in Poland as direct preparation for a war of revenge with Poland over the Corridor. The Polish Government and people show increasing zeal for good relations with Russia, presumably cemented by the non-aggression pact signed a short time ago. The establishment of a demilitarized neutral zone on the Polish-Soviet frontier, similar to the Rhine zone, is advocated in influential circles. While regarded as highly useful, the French and Rumanian alliances are felt to be inadequate as guarantees against both Germany and Russia. In addition, confidence in the League is declining.

A new tariff law, under preparation for almost five years, was published on Oct. 10 and is to become effective one year from that date. It is a thoroughly protectionist measure, raising duties from 10 to 100 per cent on several articles imported from the United States, and laying imports on about 4,500 classifications of goods.

#### NEW HUNGARIAN REGIME

With the active backing of Admiral Horthy and Count Bethlen, the new Hungarian Premier, General Julius Goemboes, launched his government during early October upon what prom-

ised to be an ambitious and vigorous course. Addressing a crowd of 50,000 at a demonstration on Oct. 8, which was organized by a number of nationalist societies, he declared that all classes in the country must obey every gesture made by him as their leader and summoned the nation to prepare for the day of its resurrection, the first condition of which was asserted to be the peaceful revision of the Treaty of Trianon. That liberalism and reform were to have their due was indicated, not only by a decree of Oct. 10 terminating the régime of martial law which had been in effect for over a year but also by announcement to the Chamber on the following day that the government would in the near future introduce nation-wide secret voting and freedom of the press. Whether this would be accompanied by full relaxation of restrictions on political liberty did not appear. The Premier, however, affirmed his adherence to the principle of religious toleration, stating frankly that he had given up his former anti-Semitic views and was now prepared to regard as his brothers those Jews who had shown heroism in the World War and sympathy toward the nation's difficulties.

#### **BULGARIAN COMMUNIST SUCCESS**

In view of the well-known influence of political developments in the Bulgarian capital upon the attitude of the electorate throughout the country, considerable importance attaches to the victory won by the Communists in the municipal elections in Sofia on Sept. 25. Out of a total vote of 47,823, Communist candidates polled 16,104, the parties of the government coalition 10,738, the Tsankov and Stambulov groups 6,732 and fifteen minor parties—of which none won a seat—15,249. Under the working of a special franchise law devised by the government parties in their own interest and allotting to the strongest party more seats than its poll justifies in order to

give it a working majority, the Communists came off with nineteen out of a total of thirty-five seats and the government bloc with only twelve. After the election it was thought probable that the results would be invalidated by the courts and that if this did not happen the government would accomplish the same result by legislative action in order to prevent the formation of a Red commune in the capital which might unleash a revolutionary movement that would be dangerous to the entire country.

#### **CONTINUED YUGOSLAV UNREST**

Dispatches from Zagreb throughout the first half of October told of something like a state of guerrilla warfare against the Yugoslav Government in Southern Croatia. An official statement given to the press in Belgrade on Oct. 15 denied that there was any serious trouble, but there were reasons for believing that an insurgent movement of considerable proportions was under way. Roving insurrectionary bands known as the "Ustasi" were obviously enjoying the support of the rural population and apparently were in some instances armed and financed from Hungary and Bulgaria.

As an aid to unification of the Yugoslav State, Belgrade is interested in building up the Serbian Orthodox Church among the Catholic Slovenes and Serbs, and at a congress of the church at Karlovci in September and October a former Bishop of Nish, Dositelj, was appointed Metropolitan of Agram (Zagreb), capital of Croatia and Catholic for 1,000 years.

#### **NEW CZECHOSLOVAK CABINET**

The Czechoslovak Cabinet of Premier Frantisek Udrzal, formed on Dec. 7, 1929, resigned on Oct. 21, primarily because of the Premier's illness, and was succeeded by a Ministry headed by Jan Malypetr, President of the Chamber of Deputies. Only four of the fifteen portfolios changed hands and the redistribution had no special political significance.



# Anglo-Scandinavian Trade

By SIDNEY HERTZBERG

GREAT BRITAIN has invited the Governments of Denmark, Norway and Sweden to conferences in London for the readjustment of trade agreements to conform with conditions created by the British Imperial Conference at Ottawa. It was expected that Finland would receive a similar invitation and that the conversations, which would be separate, would probably begin late in November. Considerable importance was attached to these negotiations in the Scandinavian countries, for Great Britain is the best customer of all of them and their economic well-being is in a large measure dependent upon their retention of this market.

Denmark's stake in particular is large. Great Britain purchased 67 per cent of all Danish exports in 1931. Eggs, bacon and butter, the three principal commodities which Great Britain buys from Denmark, have all been affected by Ottawa. In fact, the new duties and preferences on eggs are virtually prohibitive. If Great Britain were to abandon the most-favored-nation principle, Denmark would probably be forced to follow suit however she may dislike to do so. Her course would then be to make long-term preferential agreements with Great Britain and, if necessary, the Dominions, at the expense of the United States, France and Poland.

Norway may be counted upon to raise the strongest objections to giving up the most-favored-nation principle. She feels that preferential trade treaties would hurt the business of her great merchant marine consisting of more than 4,000,000 tons. Her delegation to London was expected to make much of the repair work done in British yards on Norwegian boats

and of the British coal these vessels buy. Norway is hopeful of more favorable treatment because she is one of the few countries that buys more from than she sells to Great Britain. Furthermore, almost all Norwegian products entering Great Britain are dutiable, while approximately 75 per cent of the British goods bought in Norway enters free. Nearly all Norway's exports have been affected by the Ottawa agreements. However, the British market is so important to Norway that she would consider even sacrificing the most-favored-nation principle in order to keep it. This would be especially true if Norway could see in such a move the ultimate possibility of greater freedom of trade through preferential agreements involving low tariffs.

Great Britain in 1931 absorbed 26.5 per cent of all Swedish exports. At the same time only 14 per cent of Swedish imports were British. Before the war, Sweden bought 95 per cent of her coal from Great Britain. In 1931 the figure was about 25 per cent. The British hope to strengthen themselves in the Swedish market and the Swedes are not expected to offer much resistance. The growing restrictions on Swedish exports to Germany tended to make their delegation to London more receptive to British suggestions. Sweden's important exports did not suffer much from the Dominion preferences agreed upon at Ottawa; but real irritation was caused by the recommendation of the British Import Duties Advisory Board that the duty on wrapping paper be increased to 25 per cent.

The negotiations are complicated by the crisis in trade relations between the Scandinavian nations and Ger-

many. The Swedish situation has become particularly acute. The difficulties began when the von Papen Cabinet, on taking office, forced the cancellation of Germany's trade agreement with Sweden. More than 33 per cent of Sweden's total imports come from Germany. In view of the Reich's threat to include timber and farm products, two of Sweden's chief export items, in its proposed quota, there was a disposition in Sweden to turn to Great Britain for industrial products so far imported from Germany. On the other hand, the Swedes were anxious not to make any commitments that might embarrass them when the German Government should become more accommodating than it has been.

Germany's proposed quota arrangement on competitive imports would also affect exports of dairy products from Denmark, fish and timber from Norway and timber from Finland. Agricultural spokesmen in all these countries denounced Germany's favorable trade balance and opposed further purchases of German industrial products.

It is not unlikely that the nations of Northern Europe will find it advantageous to form some kind of a

united front in their commercial dealings with Germany and Great Britain. An actual customs union is too much to expect because of the varied national interests. But resentment against Germany's attitude and the disquieting effect of Ottawa have been drawing them closer together.

#### CONDITIONS IN LITHUANIA

A gloomy picture of Lithuania's economic status during the first half of this year was presented by the bulletin of the Bank of Lithuania for Aug. 29. The farmer's chronic difficulties were further intensified by the heavy rains which destroyed nearly 20 per cent of all important crops. As a result, the purchasing power of the rural population became well-nigh non-existent and industry suffered accordingly. Production fell in almost every line.

The value of exports during the first five months of 1932 declined from 115,264,100 litas (\$11,526,000) to 81,292,100 litas (\$8,129,200). Imports likewise fell from 114,028,100 litas (\$11,402,800) to 64,393,900 (\$6,439,300). Great Britain has dislodged Germany as Lithuania's best customer, by increasing the value of her purchases from 27.25 per cent to 41.55 per cent of Lithuania's total exports.

## Discord Among Soviet Leaders

By EDGAR S. FURNISS

*Dean of the Graduate School, Yale University; Current History Associate*

PERSISTENT rumors of discord in the higher Communist circles of Soviet Russia were confirmed early in October by the abrupt expulsion of a number of prominent members of the party. Among them were names famous in Bolshevik history—Zinoviev, Kamenev and Uglanov. Zinoviev was one of Lenin's chief assistants in the Bolshevik revolution; he became chairman of the Leningrad Soviet

and of the Third International; he long held important posts in the Soviet Government. Kamenev, Trotsky's brother-in-law, also was in high positions in the government and in the party, having been chairman of the Central Executive Committee, chairman of the Moscow Soviet and Ambassador to Italy. Uglanov, who rose to prominence more recently, was identified chiefly with the Moscow So-

viet. With these leaders twenty-one less widely known members were ejected from the party. As the order of expulsion came from the central control committee of the Communist party, it may be interpreted as the work of Stalin and his close personal followers who dominate that organization.

It is significant that the leading members of the expelled group had previously been in difficulties with the Stalin leadership. After Lenin's death Zinoviev and Kamenev formed with Stalin the triumvirate that controlled the country. They followed Trotsky in his rebellion against Stalin and his attack upon the Five-Year Plan and were sent into exile at the time of Trotsky's downfall. Only upon humble confession of error and a promise of loyalty to Stalin were they readmitted to the party in 1927. Uglanov was identified at a later period with the Right Wing Opposition of the Bukharin-Tomsky-Rykov faction and, with the other members of this group, was severely disciplined by Stalin in 1929. His reinstatement to good favor also involved a pledge of loyalty to Stalin.

The Trotsky and the Rykov factions have represented heretofore diverse lines of attack on the Stalin régime—the Left and Right Wings, respectively—which have had little in common with each other. That their leaders should now be punished by a common sentence of expulsion indicates that distrust of the Stalin régime has induced formerly divergent sections of party opinion to sink their differences and unite their forces in opposition. Trotsky, it is well known, is laboring abroad to draw together under his own leadership the dissident factions of the foreign branches of the Communist party on a platform of enmity to Stalin, hoping to re-establish his influence first in the Third International and subsequently in the Soviet Union.

The official press of Russia has published rather vague accusations

against the expelled group, charging them with "counter-revolutionary activity" in proposing abandonment of the collective farm experiment in favor of individual farming and a transfer of many of the new industrial enterprises from State to capitalist management. Their specific technical offense was the organization within the party of a wing opposed to the official line of policy and their attempt to promulgate their views through secret channels. According to Communist principles of party government, such practices are subversive.

The significance of the event to students of Soviet affairs, however, does not lie in these factitious considerations but in the revelation of weaknesses in the Five-Year Plan and the miscarriage of recent policies through which the Soviet Government has attempted to bolster up its program. The difficulties confronting the government in agriculture and the partial collapse of the new large-scale industries have encouraged open protests by those who, from the beginning of the Five-Year Plan, have had misgivings either as to its practicability or as to its theoretical consistency with Communist principles. The ruthlessness of the Stalin leadership within the party has made it inevitable that members differing with him in matters of policy should be forced to attack him personally. The resulting conflict within the party thus takes on the appearance of a struggle between ambitious leaders to capture the seat of power, but beneath these manoeuvrings of party factions lies widespread concern for the success of the program itself.

The views of the dissident party group were stated in a memorandum issued as an appeal to Russian Communists. This memorandum states emphatically that the Five-Year Plan has failed. The collective farm experiment has collapsed and the heads of the State farms and the collectives are now bitterly opposed to the party

leadership. The same is true of the new industries; they have been ruined by mismanagement. Stalin's wavering policies of last Summer are criticized caustically as a series of "manoeuvres and leaps forward and backward." His high-handedness is condemned as having "destroyed every vestige of democracy within the party," while of the formerly vital international movement "nothing but a shadow remains." Stalin is held personally responsible for these failures, and the party is reminded of Lenin's advice that "the leader who has been leading the party from failure to failure must be removed from his post." This, of course, is extravagant language, the language of bitter factional conflict, but it shows clearly that grave weaknesses exist in the situation within Russia which can be capitalized to the advantage of the opposition.

The real situation is not clear, but what facts are available bear out the assertion that the Five-Year Plan is falling short of its objectives. By mid-October the grain collections were so far behind schedule as to alarm the Soviet press. The chief grain areas were returning not much more than half their 1931 totals; the country was on limited food rations almost everywhere; and in wide areas the population was facing a Winter of privation at least as severe as last year's. The general situation in industry is not so serious. Official figures for all industry published on Oct. 26 show that less than half the increase scheduled for the year will be accomplished, though production is running somewhat ahead of 1931. In the light industries the failure to produce up to schedule is especially bad, since it is the scarcity of these goods which is the chief cause of the declining food deliveries from the farms. Much is made of individual achievements in the industrial field, such as the formal opening on Oct. 10 of the world's largest hydroelectric plant, the great Dnieper dam and power plant which will supply electricity to 16,000,000

people in an area of 70,000 square miles. But these dramatic events do not conceal the fact that the government is failing to provide its people with the essentials of life and is making little progress toward a solution of this fundamental problem. A five-day plenary session of Communist party leaders at the beginning of October failed to find means for improving the situation.

Until sufficient time has elapsed to permit the opposition to reassemble its forces it is impossible to appraise the importance of the split within the party. Stalin has won the first battle by driving his opponents out of the political arena. Outside the Communist party they cannot legally organize for political activity, since under the Soviet law all other political parties are outlawed. The non-Communist opposition is helpless unless it dares run counter to the law, for unorganized dissent is of no avail. The expelled group, if there is truth in their assertion that they represent the opinions of multitudes of people, may be willing to bear this risk, thus giving the country its first organized opposition since the brutal suppression of the kulaks three years ago. On the other hand, they may continue to foment dissension within the Communist party itself.

In every other country the Communist movement has split into several competing parties, each bearing the name "Communist," and this despite the adherence of all of them to a creed which demands unity and discipline as rigidly as in Russia. The emergence of an organized opposition in the Soviet Union, whether within the party or outside, would be an event of the greatest significance, surpassing in importance any conceivable procession of events in industry or agriculture. The future of the great social experiment under way in Russia depends not upon the outcome of any specific plan or program but upon the power of the rulers to maintain complete and unflinching control over their followers and



the people at large. It is for this reason that such an occurrence as that which we have been discussing merits the close attention of students of Soviet affairs.

#### SOVIET FOREIGN RELATIONS

In the field of international relations the chief event of the month has been Great Britain's abrupt abrogation of her trade agreement with the Soviet Union. To those who followed the proceedings of the Imperial Conference at Ottawa last Summer this action was not unexpected. The Dominions, particularly Canada and Australia, made it clear at that time that they considered an embargo upon Soviet exports to Great Britain an indispensable first step toward any thoroughgoing system of imperial preference. Nevertheless, Sir John Simon's note of Oct. 18 informing the Kremlin of his government's denunciation of the treaty took the Soviet authorities by surprise. After a day or two of delay the official Soviet press broke into a storm of bitter protest. The action of the British Government was interpreted as the work of the same implacable enemies who precipitated the violent rupture in 1927; it was charged that secret agreements made at Ottawa contemplated open discrimination against the Soviet Union; there were threats of vigorous reprisal by the Soviet Government.

In announcements to the public and to Parliament high officials of the British Government have stated that their action implies no threat to the cordiality of Anglo-Soviet relations and no real injury to Russian trade. The present trade agreement, made in 1930, was by definition a temporary measure subject to revision at any time on demand of either party. The commitments made at Ottawa require the British Government to bring all its outstanding trade agreements into harmony with the new policy of protection and imperial preference. Rus-

sia is assured that negotiations for the new commercial treaty will be begun without delay and that there will be no attempt to discriminate unfairly against her products. These assurances, however, have not as yet quieted the distrust of the Kremlin or removed its bitterness. The abruptness of the British action, the fact that it has been accepted with applause in Canada and with condemnation by Liberals and Laborites in Great Britain as the initial manoeuvre in an anti-Soviet campaign have made the Soviet Government suspicious of it.

The immediate effects of the event in terms of Anglo-Russian trade are of no great importance one way or the other. What does matter is the probable effect upon the temper of future relationships between these two countries in the general sphere of world politics where many vexed problems in Europe and in the Far East will draw Great Britain and Russia into contact with each other. In this regard the conciliatory attitude of the present British Government is reassuring. Equally so is the character and personality of M. Maisky, the new Soviet Ambassador to London, upon whom will fall the task of carrying through the negotiations for a resumption of trade relations. M. Maisky has shown in his former posts at Tokyo and Helsingfors considerable diplomatic talent and a faculty for winning the confidence and trust of foreign officials.

Another development of some significance in world politics is the growing cordiality of Soviet-Japanese relations. Japan has shown herself anxious to win Russia's support for her policy with respect to Manchukuo, and Russia for her part has shown at least a willingness to take a tolerant attitude unmoved by the Lytton Report. During October secret negotiations were under way in Tokyo between Soviet and Japanese officials looking toward Russian recognition

of the independence of Manchukuo. Involved in these negotiations as an offset to Soviet support of Japan's Manchurian policy is the completion of a formal trade agreement between the two countries and Japan's consent to the non-aggression pact, which has been hanging fire. General Sadao Araki, the Japanese War Minister, is opposed to a non-aggressive pact because it might tie Japan's hands in case of disorders along the border of Manchuria and Siberia. It also has been suggested that if such a pact were signed it would rob the Japanese military party of one of its arguments for increased appropriations for defense in Manchuria. Although no conclusions have been announced at the time of writing, the progress of the Soviet-Japanese negotiations is indicated by Japan's instruction to her envoy to the League Council to go first to Moscow to discuss the Lytton Report with the Soviet Government before defending the Japanese policy at Geneva. Moreover, the Soviet Government, in response to a Japanese appeal, ordered its Consul at Manchuli to obtain from the Chinese permission to evacuate some Japanese prisoners to Russian territory "in the interest of humanity."

There is evidence, too, that the temper of Soviet relations with the neighboring States of Eastern Europe is improving. Heretofore, Rumania has proved the stumbling block to the stabilization of relations in this region, since the withholding by that country of its consent to the system of non-aggression pacts which the Soviet Union is attempting to conclude with her European neighbors has delayed the progress of negotiations all along the line. The Vaida-Voivode Government of Rumania fell from power recently on the charge that its attitude toward the Soviet Union was too conciliatory, and it seemed for a time that a peaceful settlement between the two countries had been indefinitely postponed. A new Rumanian Cabinet, however, adopted on Oct. 29 a resolution calling for a resumption of negotiations and pledging the Rumanian Government to carry them through to a successful conclusion. It is interesting to note that this resolution follows the report of Nicolas Titulescu, the new Foreign Minister, who under the previous Ministry resigned his post as Ambassador to London in protest against the very policy of reconciliation with Russia which he now recommends.

---

## Turco-Syrian Frontier Dispute

---

By ALBERT HOWE LYBYER

*Professor of History, University of Illinois; Current History Associate*

---

A NUMBER of thorny questions affecting the Turkish-Syrian frontier are being negotiated by the Turkish and French Governments. Among these are the demarcation of the common frontier, the purchase by Turkey of the railway from Adana to Nisibin and the exchange of properties owned by Turkish citizens in Syria and by Syrian citizens in Turkey.

It is not to be expected that Syrian

citizens of Turkish nationality who reside in the Alexandretta region will ever be completely reconciled, because the frontier effectively separates them from a large part of their former market areas. On the other hand, certain refugees from Turkey, including members of the former imperial family, have been plotting behind this same frontier against the Turkish Government. At the beginning of Oc-

tober a band of brigands from Syria was routed by Turkish police near Urfa. Not long ago raids proceeded in the opposite direction.

The greater part of the former Baghdad Railway from Adana to Nisibin lies within Turkish territory, but a French company has been operating the entire line. By the Sykes-Picot treaty in 1916, France and Great Britain agreed that the Baghdad Railway beyond Nisibin should not be completed before the building of a railway across the Syrian desert from Haifa to Baghdad. The existing situation is very difficult. No commercial frontier should exist in this area, and no hindrance should stand in the way of completing a railway along one of the great trade routes of the Old World.

A Turkish linguistic congress, to which the ancient Turkish-Mongol term *Kuriltai* was applied, was opened on Sept. 26. About 2,000 persons attended, including delegates, diplomats, reporters and spectators. President Mustapha Kemal was an active and influential delegate.

Turkish official figures indicate a total foreign trade in 1931 of \$125,000,000, a decline of about \$25,000,000. Italy's proportion was 19 per cent, Germany's 16 per cent and Great Britain's 10 per cent. The capital of the ten principal Turkish national banks rose 30 per cent during the four years ended in 1931, and now amounts to about \$33,000,000. During the same period deposits increased from \$44,000,000 to \$67,000,000.

#### *SIDKY'S POSITION IN EGYPT*

During the recent visit of Premier Sidky Pasha to Europe he met Sir John Simon in Geneva. Although their conversations were held privately, it appears that Sidky broached the question of resuming the negotiation of a treaty between the two countries. The answer seems to have been that, since the British Government was seriously occupied with a variety of other important questions, the time was not

opportune for discussions with Egypt.

Upon Sidky's return to Egypt his opponents circulated the rumor that the British Government declined to negotiate with him because he did not properly represent Egypt and could not obtain the adhesion of his country to a treaty which might be negotiated. It was further rumored that King Fuad would dismiss the Cabinet.

The King on Oct. 10 took advantage of congratulatory visits on the fifteenth anniversary of his accession to the throne to state that Sidky's government enjoyed his complete confidence; that it was strong and stable, and that he could not imagine how any one should doubt its durability. A few days later Mohammed Pasha Mahmud, Sidky's predecessor, was summoned to appear before the Assize Court in Cairo on Dec. 26 to defend himself against a libel suit brought by Sidky.

The fact remains that, while Egypt has been quiet under Sidky's administration for more than two years, he nevertheless represents a minority. With the help of King Fuad he first violated the Egyptian Constitution and then revised it in an unconstitutional manner. The Parliament elected under the new instrument and now acting under it is considered by many not to rest upon an open and fair election. Hence there is reason to believe that the British Government could not count upon the stability of a treaty which might be negotiated with the present Egyptian Cabinet and ratified by the present Parliament.

#### *PROSPERITY IN PALESTINE*

The government of Palestine announced on Oct. 16 that 4,500 Jews would be admitted under the labor quota during the next six months. This easing of the immigration restrictions was made possible by the favorable economic condition of the country. Palestine, it is claimed, has suffered less from the depression than any other country. There were no bank

failures during the past year, and the export trade, particularly in the justly famous Jaffa oranges, is flourishing.

The Hebrew University enjoyed a successful year during 1931-32. The Institute of Jewish Studies continued its research and archaeological activities. The departments of mathematics, chemistry and natural history made contributions to general and local knowledge. The board of governors has sanctioned three new developments—a School of Agriculture, a university hospital and a Chair of Art and Archaeology of the Near East.

An Arab company has been formed to buy land in Palestine for Arab settlers, thus following the policy which the Jewish National Fund has been carrying out on behalf of Jewish immigrants for a number of years.

#### AN ABYSSINIAN UNIVERSITY

An Ethiopian university is soon to be established at Addis Ababa under the direction of Professor F. E. Work, educational adviser to the Abyssinian Government. Emperor Haili Sellassie has promised \$200,000 to carry out the project, and further funds are being sought in the United States.

During the past three months the Emperor has put down two revolts which threatened his throne. One was led by the former Emperor, Lej Yasu, who had escaped from prison. The other was led by the son of Ras Hailu, a former Provincial Governor who had been stripped of his property and feudal rights by the Emperor.

#### THE KINGDOM OF SAUDI

King Ibn Saud has changed the title of his dominions from "The Kingdom of the Hejaz and Nejd and Its Dependencies" to the briefer and more euphonious "Kingdom of Saudi Arabia." But only time can show whether an organic unity can be achieved between the Arabs of the western coast and those of the interior. For hundreds and even thousands of years they have been accustomed to separate and loose political organizations.

As a consequence of the revolt of

Ibn Rifadah last Summer, which might have been nipped in the bud by greater precaution, the British Government has strengthened its forces in Akaba. This region was regularly associated with the Hejaz until 1925, when the British prevented its conquest by Ibn Saud and added it to Transjordan. Because of its importance to the defense of the Suez Canal it was expected that a strong British military position would be developed there.

King Ibn Saud is not reconciled to the possession of Akaba by either the British or Transjordan. Rumors have been current in the Arab world that the British encouraged the revolt of Ibn Rifadah with the object of weakening King Ibn Saud. The Government of Transjordan has denied, however, that the British expect to remain at Akaba in force.

#### COMMUNICATIONS IN PERSIA

Persia now possesses 4,000 miles of first-class roads and more than 6,000 miles of second-class roads. The new road from Teheran through the Elburz Mountains to Talus, on the Caspian Sea, is nearly finished. Important streets in Teheran are being widened and surfaced, and an agreement has been concluded for the building of electric street car lines in the city.

A regular motor car service has been established between Teheran and Khanikin on a bi-weekly schedule from March to June and from September to November. Tickets may now be purchased from London or Paris to Teheran, using the Simplon-Orient and Taurus express trains and the new motor service. The journey can be made in about eight days.

Negotiations between the British and Persian Governments in regard to the passage of planes of the Imperial Airways Company over Persian territory were unsuccessful. As a result the halts at Bushire and Jask have been abandoned, and planes travel from Basrah to India by way of Bahrain, Sharja and Gwadar.



# China's Breakdown Baffles Powers

By TYLER DENNETT

*Professor of International Relations, Princeton University;  
Current History Associate*

THE new fabric which the Lytton Commission hopes to have woven in the Far East cannot be stronger than the Government of China, which must be the warp. This the commission recognized by including in its recommendation "international cooperation in Chinese reconstruction." It is therefore of primary importance to know as much as possible about the strength of this government upon which so much must depend.

Whatever the nature of the cooperation to be proposed for the reconstruction of China—and upon this the commission is discreetly silent—it is obvious that its effects will not be apparent for a long time. But meanwhile, what is to be expected in the immediate future? Is the present opposition of China to Japan likely to be sustained until there is some relief from an international source, or may the opposition at any time collapse? In the latter event the Lytton recommendation would be greatly weakened, and the Stimson doctrine of non-recognition would become, in fact, a doctrine recognizing chaos.

Every party directly concerned in the Far Eastern embroglio is weak—the League of Nations, for obvious reasons; Japan, because of the distress of her domestic economy; Great Britain, because of the suspension of the system of responsible government; France, by reason of the grave uncertainties of the European situation; and the American Government by reason of the doubt as to whether the present policy will be sustained by the next administration. But China is weakest of all. Threatened from without, China is even more dis-

traught with her internal problems.

Notwithstanding the exertions of the Anti-Civil War Conference, which met at Shanghai on Aug. 27 and 28, the civil war continues, and on so many fronts that no one knows where the centre of the disturbance is located. There are, in fact, so many foci of conflict, and so many issues to be fought over, that the Chinese Republic resembles a pear, which, left too long on the fruit-stand, is so full of spots that it almost falls to pieces in the hand. On Oct. 22, just as Wang Ching-wei, the former Left Wing chairman of the Executive Yuan, sailed in the direction of Europe—or of Singapore—a peace parley was held in Shanghai. It was attended by nineteen Ministers and Vice Ministers, and every important official was present or represented, although Chiang Kai-shek was absent. It was reported that private rivalries and ambitions were submerged in a unanimous decision to continue the present anti-Japanese policy.

On the same day that this agreement was reached it was reported that Governor Han Fu-chu of Shantung had telegraphed his resignation to Nanking. He had been fighting Lui Chen-nien, chieftain of Chefoo, for access to the sea. Civil war was likewise reported to be spreading in Szechwan, where 103 army commanders had turned against the Nanking chairman of the provincial government. The Red armies north and south of the Yangtse are constantly moving, like the volunteers in Manchuria, so that General Chiang Kai-shek never has an opportunity to fight a decisive battle with a united foe. At Canton,

where a semi-independent régime is in full control of the government, the independents, employing air forces for defense, have adopted a program to build up a fleet of 400 airplanes. The Cantonese forces have served notice that they will withdraw from the anti-Red campaign in Southern Kiangsi until Nanking has advanced more money to finance the fighting. We find the Governments of Kwangtung and Szechwan out of the picture, while Hankow is constantly threatened by the Red armies, and Nanking itself is hardly more secure.

In Shantung and North China there is danger of a separatist movement, perhaps under the notorious Tuan Chi-jui, who was Chinese Premier fifteen years ago when the infamous Nishihara loans were made. Such a movement might be successful if Marshal Chang Hsueh-liang were to join it. General Wu Pei-fu is suspected of sympathy with the alleged plot. The new Japanese Minister in Peiping, Mr. Ariyoshi, is apparently cultivating friendly relations with Marshal Chang. The proposed separatist government would probably be friendly to Japan, or at least more conciliatory than that now in power at Nanking. As this is being written Nanking has made concessions to Governor Han of Shantung, and he is remaining loyal, for a time at least, to the national government.

Thus threatened internally at more than half a dozen points, the Chinese Republic is also once more in danger on its frontier. No one seems to know which way Jehol will eventually turn. It is perhaps significant that Japan has not yet launched its threatened drive through that province. Furthermore, for months there has been fighting on the Tibetan border of Yunnan and Szechwan, where there is a movement, encouraged by the British, if Tokyo reports may be credited, to establish a Greater Tibet.

Tibetan troops last March invaded the Kokonor plain—a region almost as large as Manchuria. For two

months they besieged the walled city of Batang with a single three-inch gun, which fired one shell every half hour. The Chinese forces appear to have lacked even one gun with which to reply, for the only munitions available were being used to fight the civil war. Even reports of the war in Western Szechwan did not reach Nanking until September. Although 100,000 rounds of rifle ammunition were dispatched by Nanking, they would not arrive before December. The Kokonor provincial government has seven motor trucks, but gasoline delivered there costs about \$15, gold, a gallon. Set it down that there is an extensive foreign as well as domestic war in Western Szechwan.

Barga, the western portion of Heilungkiang, may not be held tightly to Manchukuo, but its relations with Nanking, never very close, are being steadily weakened. The Mongol Princes, who were never very fond of Chinese suzerainty, are being cultivated by the Japanese.

All in all, China is a very diaphanous "entity" to become the warp, or woof, of a new international fabric in the Far East. Only one eventuality is certain. If the powers were to extend their international cooperation in China to a point where it could be effective in restoring responsible government, the Chinese would stop long enough in their quarrels with one another to oppose the powers, even as now they fight their guerrilla campaign against Japan.

#### JAPAN IN MANCHURIA

The Japanese position in Manchuria remains insecure. Barga, lying west of the Khingan Mountains, seceded from Manchukuo early in October, and while the Japanese continue to control the greater part of the Sungari River, they have been unable to advance much north of Tsitsihar, so that Northeastern Heilungkiang Province is still Chinese. Indeed, before the middle of October it could be asserted that Chinese rebels were

actually in control of most of the vast area called Manchuria. The Japanese started a drive on Oct. 10 to extend their control. Beginning on the Yalu—the Korean border—they proposed to advance westward. At that time there were estimated to be 300,000 volunteer Chinese troops in Manchuria, and they appeared to have little or no support from south of the Great Wall. On Oct. 13 the Japanese announced the opening of a drive against the rebels at Manchuli, but a week later the proposed military operations had apparently given place to negotiations. On Oct. 22 it was reported from Shanghai that the foreign military experts attached to the legations in Peiping expected Japan to abandon its efforts west of the Kinghan Mountains and to accept the status quo. The threatened advance into Jehol likewise seems improbable at present.

By Oct. 25 the insurgents in Manchuria had become bold enough to renew their efforts to recapture Tsitsihar. In short, Japan, as this is being written, is so fully occupied in the areas south of Harbin and east of the South Manchuria Railway that it may have to be content with the richer and more populous area of the East and South, leaving perhaps two-thirds of Manchuria in Chinese hands. If we think of Manchuria as an area about equal to the American States of Ohio, Michigan, Kentucky, Indiana, Illinois, Wisconsin, Missouri, Iowa and Minnesota, we may think of Japan as effectively holding only Missouri, Southern Illinois, parts of Kentucky, Indiana and Ohio. Elsewhere the control is tenuous, except along the railways, and it is not very sure even there.

Meanwhile the Chinese have set about discrediting the Japanese régime by assaulting and kidnapping foreigners. The chief episode has been the kidnapping of Mrs. K. F. B. Pawley and C. H. Corkran from Newchwang on Sept. 7. Another British subject also was captured, but es-

caped. The British Government looked to the Japanese to effect the release of the captives, but did not desire military measures which might lead the bandits to kill them. After forty-four days of terrifying, cruel and disgusting captivity, the victims were returned to Newchwang under an escort of Manchukuo and Japanese soldiers. The price of the release was reported to be 130,000 yen, 250 pounds of opium and a supply of Winter clothing, all furnished, not by the British but by a Japanese patriotic association. It is a strange world in which a government has to negotiate and transmit ransoms to bandits to secure the release of people for whose safety it must assume responsibility.

Mrs. C. T. Woodruff, an Englishwoman, was killed in the street in Harbin on Oct. 14 while resisting the effort of bandits to kidnap her three children. Life is no more safe in Manchuria than in China.

#### REACTIONS TO THE LYTTON REPORT.

Japan's policy in regard to the Lytton Report is to play for time, which, uncertain though it be, is the best of her allies. Yosuke Matsuoka, who will represent Japan at Geneva when the report is considered, stopped at Moscow on his way to Switzerland. Probably it is hoped that the relations with the Soviet Union can be definitely settled before the debate begins at Geneva. The Japanese policy at the Assembly presumably will be to delay decisions. Mr. Matsuoka, in an interview in Tokyo before his departure, declared that "if we were indifferent to the peace machinery it would be unnecessary to send me to Geneva." He laid some stress on the tenth of the general principles in the Lytton Report—"international cooperation in the internal reconstruction of China." It will be difficult, indeed, to solve the Manchurian problem except by this approach, and yet this proposed cooperation will prove the most diffi-

cult to accomplish and is least promising. Clearly, it will require time, much time; meanwhile Japan is in possession of the strategic points in the Three Provinces.

Japan will not resign from the League unless her position at Geneva becomes intolerable, and she does not expect the League members to use force to drive her out of Manchuria, although the possibility of invoking sanctions of an economic nature has caused some anxiety. It was reported, on Oct. 7, that in preparing the estimates for the next budget the army and navy would ask for an increase of about one-third in appropriations. What Japan would prefer most of all at Geneva is a wait-and-see policy.

The Chinese professed some disappointment that the Lytton Report failed to recommend a prompt return to the status quo ante, but Dr. Wellington Koo announced at Geneva on Oct. 9 that China would accept the Lytton Report as a basis for action, but with two reservations: (1) China will not give up the boycott, which has been renewed with devastating effect upon Japanese trade, and (2) she will not give up the so-called parallel railway lines in Manchuria.

On the Lytton Report the American Government has maintained discreet silence, but it is significant that with great speed the Department of State had the report reprinted, without the maps or the annexes, for circulation at fifty cents a copy. The implication in the Lytton Report that the United States was largely responsible for the Allied intervention in Siberia in 1918 forced Under-Secretary of State Castle

to call attention to contrary evidence in *Foreign Relations*, 1918, *Russia*, Volume II, in which are printed many documents indicating that the American Government at first opposed the project. Secretary Stimson's reference to the non-recognition policy in his Pittsburgh speech on Oct. 26 was featured in Japan under such headlines "Stimson Stubbornly Reiterates His Opinions."

Karl Radek, in *Izvestia*, finds mischievous satisfaction in pointing out that the Manchurian affair has now become a diplomatic conflict and test of strength between the United States and Japan—"the pressure of American imperialism upon other imperialistic powers to swing them against Japan." Russia has many reasons to stay out of the affair at present, not the least of them being the opportunity of testing its theory that capitalistic States are by their essential nature foredoomed to fight each other. By capitalistic war the Bolsheviks came into power; by similar wars they may sustain their power. They have nothing to lose by waiting.

A few personal items relating to the Far East may not be without interest. Dr. S. Alfred Sze Koo will return to Washington as Acting Chinese Minister while Dr. W. W. Yen is at Geneva during the consideration of the Lytton Report; Ambassador Debuchi, contrary to many rumors, will return to Washington; George Bronson Rea, an American, who has appeared at Geneva as the representative of Manchukuo, has not been able to obtain official recognition other than a card to the press gallery.



# TO AND FROM OUR READERS

## SIDNEY WEBB'S TITLE

SIDNEY WEBB, whose second article on Soviet Russia is printed in this issue of CURRENT HISTORY, was raised to the peerage in order that the British Labor party might transfer his services to the House of Lords. Under the title of Lord Passfield, a name which Mrs. Webb called "fantastic," Mr. Webb sat in the House of Lords. The title, never pleasing to him, has apparently been dropped. According to a dispatch from London on Oct. 15, he said to a reporter: "I have never altered my name. I am Sidney Webb to my publisher and my tailor, and when I lecture I am Sidney Webb."

\* \* \*

## MONTAGU NORMAN SPEAKS

The complete text of the widely quoted remarks of Montagu Norman, governor of the Bank of England, made on Oct. 20 at the annual bankers' dinner given by the Lord Mayor of London, is printed here because, as originally cabled, it gave an impression which apparently was not intended:

"I wish to put before you one or two thoughts to which I feel the mind of those who live and move about this narrow city may direct themselves. They are not questions for today or tomorrow or next week. They are ultimate questions which eventually will need consideration and action. There are many questions which may arise in the future and which had better be decided by common consent among us.

"Obviously, one of the great things of which we, speaking technically, wish to dispose of are the frozen credits throughout Europe. I think there is nothing which impedes the business and prospects of bankers to the same extent as those. How it is to be achieved I do not know; but I do believe what I have been told, that trade will find its way in almost any direction over or round almost any tariff if it be financed. But if the bankers' credit in many countries is frozen up and the exchange opportunities in those countries are not available, then trade with those countries, as I have seen, is extremely difficult.

"There is another point to which we

ought to direct our attention. In the past by tradition, by reason of our means and ability, we were great lenders. Lending here was practically indiscriminate, it was merely competitive. Can that continue with the same freedom in the future? The time will come when great opportunities for investment, speculative business included, will be offered in several places, east and west of here. It has happened before. It will happen again. What we need, and shall need, when that time arrives is a robust and rationalized industry and commerce which here can offer the same attractions by way of investment as will assuredly be offered in those other countries. I look forward in the near future to a growth, development and improvement in the industry of this country upon which in large measure the business of bankers and merchants depends, and upon which we can rebuild the eminence which we enjoyed and received from our fathers.

"Another point I wish to mention. It is rather technical, but it refers to a class of bankers, many of whom I see around me, whose business lies largely overseas. They have to my knowledge been generous lenders on short credit overseas. They have done this each for himself and without any cooperation or any knowledge by one of what the others are doing. The result has been that in many instances, some of which have come before me, concerns have been able to borrow on short credit sums which, had the various lenders been aware of it, would have been quite out of the question, and which has come as a surprise to all of us in this country and abroad. Now, I wonder whether that cannot be done in future upon some basis of general cooperation to the interests of all. There are committees of various kinds, one of which in particular comprises the bankers to whom I allude, and I believe that the interests of all would be served if this method of cooperation could be considered in some way among them in regard to their future business.

"For most of us, 'One step enough for me.' That is as far as, on the whole, I can see. The difficulties are so vast,

the forces so unlimited, so novel, and precedents are so lacking, that I approach this whole subject not only in ignorance but in humility. It is too great for me. I am willing to do my best.

"And when it comes to the future I hope that we may all see and approach the light at the end of the tunnel which some are able already to point out to us. We have not yet emerged from the difficulties through which we have been passing. I like to believe that we shall meet here again next year, that this will continue to be an annual gathering, and that then, as I believe is more than likely, we shall see clearly where we are going and be sensible of the rapid pace toward that goal at which we are proceeding."

\* \* \*

#### CHINESE BUSINESS ETHICS.

*To the Editor of Current History:*

The article in your September issue by Mr. G. Warren Heath was interesting as reflecting the attitude of the foreign mercantile class in China whenever their opinion on Chinese affairs is expressed. There is a saying current in the East to the effect that Chinese affairs interest no business man except when the volunteers are called out.

In the first place, as a military man I may safely say that the Chinese did win the action at Shanghai despite lack of support and ammunition. It is no small thing to overwhelm the highly touted forces of Japanese imperialism in quarters where you are at a disadvantage. The troops of the Western nations will not be flattered by Mr. Heath's failure to see them. The fact that the International Settlement was closely barricaded by the American, British, Italian, French, Spanish and other troops is, of course, irrelevant to the main issue, which seems to be the blackening of China's moral character.

Regarding the misuse of the word "bandit," let me point out to Mr. Heath that there is no sense in calling attention to banditry in China before we suppress banditry in the United States. I feel safer in China than I do in Chicago. At least in China the bandits are after a fairly definite thing—my purse. They

are not narcotized to such a degree that they are insensible of the value of human life.

It might be well for Mr. Heath to remember that, in the matter of trademarks and copyrights, the Chinese are our faithful imitators. They are merely copying the present United States law under which the original owners of the Bosch patents and copyrights are not permitted the use of their original trademarks nor their patent protection. The Alien Property Custodian sold these to an American concern, though a close study of the laws of war and the theories of international law fail to reveal his right to do so.

Mr. Heath should also be reminded of the fact that what is known to military intelligence officers is not always the basis of governmental action. There is an old and honored legal maxim to the effect that there can be no injunction launched against a fact in the process of thought. In other words, the governments of both the United States and Great Britain would have sorely betrayed their intelligence officers by a premature revelation of the information they had gathered. As to the creation of a buffer State, Mr. Heath has been led astray. A buffer State—not sadly torn, but more or less whole—was already in existence before the Japanese move. The Japanese cannot claim that they have protected the Western world. They have, in fact, sorely damaged the ancient prestige of the Occidental by allowing China to realize her strength.

The Japanese "open door" policy for foreign trade is well known. It is a one-way door—all coming in and none going out.

Let Mr. Heath ponder the fact that while old China may have needed a lesson, it was neither Japan's place nor her duty to attempt to teach China that lesson. The daughter should not attempt to admonish the mother. In fact, the very Shanghai and Manchurian incidents Mr. Heath praises so highly are due to strike at the roots of the Occidental power in the Orient.

D. L. ANDERSON.

Vashon, Wash.